Corporations as Group Agents / Responsible Collectives in Theory and in Practice

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LOYOLA UNIVERSITY CHICAGO

CORPORATIONS AS GROUP AGENTS / RESPONSIBLE COLLECTIVES

IN THEORY AND IN PRACTICE

A DISSERTATION SUBMITTED TO
THE FACULTY OF THE GRADUATE SCHOOL
IN CANDIDACY FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY

PROGRAM IN PHILOSOPHY

BY

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A.M.D.G.

(and thanks to Ellen for reminding me)
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ABSTRACT

The goals of this dissertation are to examine the existing philosophical literature on group agency and collective responsibility and to demonstrate that this literature fails to sufficiently address the hierarchical organization of corporations, thereby severely limiting the applicability of this literature to real-world business situations. Where references to corporate hierarchy are made in the group agency and collective responsibility literature, they are incidental and descriptive only. This is in contrast to general business literature, business ethics literature, and organizational theory literature, which each highlight the importance of corporate hierarchy from their respective points of view. In this dissertation, the concept of the hierarchical organization of corporations is carefully examined to show how it identifies 1) the roles and tasks required to meet corporate objectives and 2) the relationships, both simple and complex, that are created between and among the roles specified in the corporate hierarchy. By integrating this understanding of corporate hierarchy into the philosophy of group agency and collective responsibility that are articulated in the existing literature, an account of corporate group agency and collective responsibility is produced that better describes and explains the operation of group agents by providing concrete ways to describe how they form corporate intent, make corporate decisions and carry out corporate action. Furthermore, explanations of group agency that integrate the concept of corporate hierarchy provide a
clear way to articulate claims of individual responsibility in the setting of corporate collective responsibility.

From this account of group agency, improvements to business ethics are also recommended. These improvements come from viewing corporations as hierarchically organized group agents and integrating organizational ethical principles into existing business ethics. In addition, the relationships created in hierarchically organized group agents entail ethical responsibilities for the individuals who are part of a corporate group agent, both leaders and those who carry out leaders’ decisions; and ultimately, it is the fulfillment of the responsibilities on each side of this hierarchically defined set of relationships that leads to an optimally functioning corporate hierarchy, and correspondingly, a fully functioning group agent.

The implications of this work on corporations for other types of group agents are also explored, leading to the prospect of a clearer articulation of obligations and responsibilities in these groups, through the integration of a concept of organizational structure (of which corporate hierarchy is one clear example) in the study of these group agents. And finally, a new question is posed and briefly examined: is some kind of organizational structure one of the necessary or sufficient conditions of group agency?
CHAPTER ONE

INTRODUCTION

As a student of philosophy and a director in a large, global company, I undertook a reading of the literature on group agency with a practical purpose. I hoped (as I did generally when I first began studying philosophy) to apply philosophical methods and concepts to practical problems that I was facing on a daily basis. I wanted to use philosophy to improve the way I thought about and, ultimately, solved problems. Early in my thinking, I was asking questions about “corporate responsibility,” thinking about what obligations corporations had toward their communities, locally and globally. For example, during a time in my career when I was part of a team who designed and managed clinical research studies for the development of new medications to treat HIV infection, I thought about whether companies ought to donate HIV treatment to people (and governments) in Africa who needed medications, but could not afford to buy them. As I reflected on that question, I wondered whether a company per se ought to do anything. That is to say, whether the company itself could have obligations (moral, social or otherwise) or whether only the individual people (like me) who make up the company would appropriately be assigned such obligations.

The example described above, donation of a company’s product to people who need it for an important purpose (e.g. the health of the people) but cannot pay for it, can be used to illustrate some of the issues I hope to address in this project. Can the company
make a decision to donate the product or is that decision made by one person, say the CEO or president? If the CEO makes the decision but it is not unanimously supported by senior leaders or employees of the company, is it still a decision of the company? Can we say that it is the company who actually makes the donation or is it more appropriate to say that the individual people who take the product to the recipient community did the act of donation? Should the company be praised for the decision to donate the product or would the decision maker or the delivery person be more appropriately praised? Is it appropriate for individual employees to feel pride in a company’s decision to donate products? How can employees deal with feelings of shame when their company decides not to make donations of this kind? What if I, as an employee, am expected to make a recommendation for a company decision about an issue like this? Does the company make such a decision, and if so, does the company have a point of view or values in terms of which the company decides? And if so, how do I incorporate my personal point of view or values with the company’s perspective? The ideas and issues behind these sorts of questions have been part of the driving force for the philosophic literature on group agency and collective responsibility.

A great deal of philosophical work on group agency was published in the late 1970s and 1980s, and interestingly, a renewed interest in the subject has developed in recent years, often under the heading of collective responsibility in the area of social philosophy. The existing literature is useful in a descriptive way to guide thinking about the kinds of questions posed above. It provides a way to ask these questions about corporations in a philosophically analytical way by thinking of corporations as examples
of groups who might be considered to be moral agents with (collective) responsibility for their actions. However, neither the older nor the recent literature is focused closely on company or business issues. In fact, in the literature, the groups discussed and the examples given speak of corporations only in very general terms and include mob activity [the Ox-Bow Mob\(^1\), the Paris Mob of 1879\(^2\)] and tennis clubs closing.\(^3\) So, I re-examined the literature for concepts that could be applied to the kinds of business problems I wanted to solve, and I concluded that the existing literature’s general references to corporations as group agents are useful theoretically, but they do not serve to guide behavior in business and corporate settings, which is what I was seeking. For example, it is an important philosophical question to consider whether a salesman’s agreement to sell the product of his employer to a customer with a certain promised delivery date was a promise on behalf of the salesman or of his employer. But, resolving this question does not provide any explicit guidance about the salesman’s proper conduct when faced with the question of whether to promise a delivery timeframe, perhaps a delivery timeframe advertised by the company, when the salesman knows that the promised delivery timeframe will not be met. Should the salesman act in a way that supports the company’s advertisement (take “the company line,” so to speak) or should the salesman depart from the company’s public advertising and give an accurate delivery

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\(^1\) Peter A. French, "The Corporation as Moral Person," *American Philosophical Quarterly* 16, no. 3 (1979). and others.


date? It seems that something more is needed that is not currently available in the group agency literature to address the salesman’s role as an individual agent in relation to the agency of the company as a whole.

I was disappointed not to find answers to my questions, and this disappointment and a desire to resolve it led me to this project. In this project, I will argue that what the literature on group agency/collective responsibility fails to sufficiently address is the hierarchical organization4 of corporations and leadership in corporations, thereby severely limiting the literature’s applicability to real-world business situations. If the hierarchical organization of corporations is added to and integrated within the concepts of group agency/collective responsibility that are articulated in the existing literature, the result may be quite useful in responding to concrete ethics questions, and not only in corporations, but in other organizations and possibly in groups that do not function principally via formal decision-making structures.5

The goals of this dissertation are to examine the existing philosophical literature on group agency/collective responsibility, to demonstrate the shortfall described above, and to formulate a philosophical theory of hierarchical organizations that applies to

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4 I will use the expression hierarchical organization to describe the way in which people working in a company are commonly ranked in roles such as workers, supervisors, managers, and executives, and their role or hierarchical ranking corresponds to company responsibilities, including the responsibility to make certain company decisions and the responsibility to carry out company decisions. The hierarchical ranking creates leaders in companies, and these leaders are charged with different responsibilities, in terms of business operations and decision making, with the latter being more important to my project. Descriptions of corporate hierarchy and leadership will be more fully articulated, with examples, in Chapter 3 of this dissertation.

corporations in order to fill this gap. Then, I plan to show by way of examples that the resulting account of corporate group agency and collective responsibility can contribute significantly to the ethical reflection on the challenges faced by corporations and those who work in them. I hope that this investigation will also provide new insight into group agency/collective responsibility, particularly in the areas of distributive responsibility and organizational ethics, because this aspect of groups as organizational hierarchies has not previously been investigated in this way.

Following this introduction, I will present a review of the literature on group agency and collective responsibility in Chapter 2. This will include a description of necessary and sufficient criteria for group agency employed in the existing literature, which is the description that I will adopt in this project, and an overview of arguments in favor of group agency and collective responsibility and criticisms of theories of group agency and collective responsibility in the existing philosophical literature. In Chapter 3, I will describe and define hierarchical organizations and then analyze the philosophical literature for references to hierarchy to determine whether or not it is sufficiently present and incorporated into the literature. I will investigate references to hierarchy and organization in the philosophical literature that supports group agency and collective responsibility and that criticizes group agency and collective responsibility. At the end of this chapter, I will have shown that corporate hierarchy is not adequately examined, i.e., is present in the philosophical literature only incidentally and descriptively.

In Chapter 4, I will build an argument for the importance of hierarchical organization in corporations based on general business literature, business ethics
literature, and organizational theory literature. The argument that hierarchy and
leadership are important will support my claim that hierarchical organization should be
incorporated into philosophical work on group agency and collective responsibility. But
it will also be clear that none of these literatures undertakes this. Doing so is the task of
the remaining chapters of the dissertation.

In Chapter 5, I will attempt to integrate the theme of corporate hierarchy with the
claims of group agency and collective responsibility for corporations. I will propose and
illustrate using examples that the context provided by a careful view of corporate
hierarchy can help us to better describe and explain the operation of group agents by
providing concrete ways to describe forming corporate intent, making corporate decisions
and carrying out corporate action. I will also suggest that explanations of group agency
that utilize corporate hierarchy may provide a way to consider claims of individual
responsibility in the setting of corporate collective responsibility.

In Chapter 6, I will build from the work on group agency to an organizational
 ethic for corporate group agents. I will argue that improvements to business ethics can
come from the integration of organizational ethical principles into existing business
ethics, particularly when the corporation is viewed as a hierarchically organized group
agent. I will also argue that the relationships created in hierarchically organized groups
entail ethical responsibilities for the individuals in these relationships, both leaders and
those who carry out the leaders’ decisions. Ultimately, it is the fulfillment of the
responsibilities on each side of this hierarchically defined set of relationships that leads to
an optimally functioning corporate hierarchy, and correspondingly, a fully functioning
group agent.

Finally, in Chapter 7, I will explore some constructive implications of the work completed on the hierarchical organization of corporate group agents to the broader philosophy of group agency and collective responsibility. I will propose a new question for philosophers of group agency; namely whether groups require some kind of
organization in order to fulfill the necessary and sufficient criteria of moral agency that are developed from a comparison of groups to individual moral agents. And I will suggest that the integration of a concept of organizational structure (of which corporate hierarchy is one clear example) in the study of other kinds of group agents could lead to clearer articulation of obligations and responsibilities in these groups.
CHAPTER TWO

REVIEW OF GROUP AGENCY/COLLECTIVE RESPONSIBILITY LITERATURE

Some of the earlier philosophical literature on group agency explicitly examined corporations, though rarely in detail. The literature on group agency of the 1970s and 1980s was developed within a discussion of increasing social concerns in that era about military actions and civil rights, which are very different at the level of concrete action from concerns about business organizations. The recently renewed interest in the topic, evidenced by more recent publications on the subject of Collective (and Distributive) Responsibility, has likewise been focused elsewhere. But, the contributions of both to our understanding of the group agency and collective responsibility have been significant. So, a review of these two bodies of work is the best starting point for this project.

This literature contains various descriptions and definitions of groups, examining a range of types of groups from mobs to Weberian (meaning formal, hierarchical) organizations. In general, groups are defined by these authors as identifiable collections of persons whose group identity persists over some period of time. To set a starting point for this chapter and my work in this project, I will presume that the corporations I will study are groups in this sense and therefore can be similarly analyzed in terms of group moral agency and collective responsibility because first, each of them is a collection of individuals, that is, each is comprised of a known set of more than one person and
second, they persist in time despite changing membership.¹ That is, the positive achievements of these two bodies of philosophical work are applicable to corporations.

**Group Agency**

In general, authors of the group agency literature have argued for or against group agency or collective responsibility by asking whether groups can and/or do meet necessary and sufficient criteria for individual moral responsibility. Many authors trace this kind of approach to the work of John Rawls. In the essay “Justice as Fairness,” Rawls briefly introduces the idea that that, in addition to biological human beings, nations, provinces, business firms, churches and teams may be classified as metaphysical persons. Rawls’ brief statement exists without any further analysis or assessment. It does not offer any philosophical foundation for the claim of group agency and collective responsibility based meeting necessary and sufficient criteria for individual moral responsibility. However, it was a starting point for a number of philosophers to examine the idea of groups as agents and to begin to explore possible criteria for group agency and collective responsibility.²

The general argument proposed by these authors rests on accepting a set of criteria by which individuals are held morally responsible (that is, justifiably blamed or praised) for an act. Although each author articulates his or her criteria for individual

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¹ One can imagine entities called – and possibly legally recognized as – “corporations” that do not fulfill these conditions. But if such entities exist, they are outside the scope of what I mean by corporations throughout this study.

responsibility somewhat differently, there are three criteria, offered as necessary and sufficient criteria, which are common in these authors’ work. My paper will follow these authors in adopting these three as the necessary and sufficient criteria for individual moral responsibility in its study of corporations as group agents.

First, an individual must have done the act (or failed to act). Second, the act must have caused the event in question. Third, the act must be done intentionally or (for some authors) as a result of a voluntary choice by the agent. These and other criteria for individual moral responsibility have been the subject of intense philosophical investigation. I will not challenge them here or attempt to defend them in this project, that is, with respect to there being necessary and sufficient criteria for moral agency for this dissertation. I will accept this account as offered by the authors whose work precedes mine.

Working on the basis of these criteria for individual moral agency and responsibility, the philosophers writing about group agency/collective responsibility have proposed arguments to show that groups are or are not moral agents by comparing groups to these criteria for individual agents. Their arguments generally conclude that for a

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4 The topic of responsibility is also widely discussed in the law and literature of jurisprudence, and this work often sheds valuable light on philosophical discussions of the topic. For example, the philosopher and business ethicist John Boatright argues that conducting business ethics research in a framework of contractual theory would bring business ethics closer to the financial and legal structures of a corporation (which are built on a contractual foundation). Boatright argues that such an approach would answer financial and legal critics who dismiss business ethics as irrelevant because business ethics does not recognize financial and legal structures in corporations. (John R. Boatright, "Business Ethics and the Theory of the Firm," American Business Law Journal 34, no. 2 (1996), 219) But the question whether a particular legal system (or law as such) supports a description of corporations as group agents with collective responsibility is distinct from the issues I am exploring in this dissertation. For this reason, strictly legal arguments and legal examples will not be included in my project.
group to be considered an agent and properly held morally responsible (that is, justifiably praised or blamed for an action), the group must (3) be able to voluntarily choose an action and (1) the group must carry out the action. The second criterion described above, that the group action must cause the event in question, is largely left aside and unexplored in group agency literature. I will also set the second criterion aside for the purposes of this project because resolving questions of causality of events requires considerations distinct from determinations of agency and responsibility (group or individual). The latter is the focus of the group agency/collective responsibility literature. The next section of this chapter will explore three important authors’ arguments in favor of group agency/collective responsibility based on the comparison of the remaining two criteria: an agent’s voluntary choice/intention to act and an agent’s acting, i.e. carrying out the chosen action. Then, I will survey more briefly a number of other authors’ arguments for the same conclusion. I will conclude this chapter by examining the most important of the arguments in this literature that oppose attributing moral agency and responsibility to groups.

Arguments for Group Agency

In “The Concept of Corporate Responsibility,” Kenneth Goodpaster methodically articulates a definition of personal responsibility and then turns to corporations “to see what parallels, if any, obtain.” First, Goodpaster distinguishes three uses of the term responsible: causal, rule-following, and decision making. Causal responsibility, he says, draws attention to an individual bringing about a certain act or event, wholly or in

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part. Rule-following responsibility refers to commending a person’s following socially accepted rules or meeting the expectations of his or her role, such as a parent’s responsibility to her children. Finally, decision-making responsibility refers to the way a person thinks about, judges, and responds to a situation. For example, we say a person is responsible in his thinking, judging, and acting if he is reliable and trust-worthy.

Decision-making responsibility, the third category, is the main focus of Goodpaster’s discussion; and he further distinguishes moral responsibility from legal responsibility within this category. For Goodpaster, the modifier ‘moral’ is a sign of a ‘broad context’, distinct from law, religion, etiquette and custom.

Goodpaster holds that moral responsibility has two principal components. Rationality (the pursuit of one’s projects) and respect (consideration of another’s perspective) are the components of moral responsibility; and these two components of moral responsibility are embodied in the decision making process via the four activities of perception, reasoning, coordination and implementation which an individual, morally responsible agent undertakes. Then, Goodpaster makes a “theoretical shift from the individual as the primary unit of analysis to the organization, specifically the modern business corporation.”6 His motivation for making this shift is the increasingly important role that corporations play in the life and livelihood of individuals in modern times. He begins by rejecting the assertion that the corporation is a simple unity of the people who work there, arguing that the decisions of a corporation are seldom (if ever) the decision of one single executive. Goodpaster then argues for what he calls the principle of Moral Projection (MP).

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6 Goodpaster, *The Concept of Corporate Responsibility*, 9
(MP): It is appropriate not only to describe organizations (and their characteristics) by analogy with individuals, it is also appropriate *normatively* to look for and foster moral attributes in organizations by analogy with those we look for in individuals.

Put in simplest terms, the principle of moral projection says that we can and should expect no more and no less of our institutions (taken as moral units) than we expect of ourselves (as individuals). In particular, moral responsibility, as we have analyzed it earlier in our discussion, is an attribute that we should look for and try to foster in individuals. The principle of moral projection, therefore, invites us to explore the analogues of moral responsibility for organizations. The concept of corporate responsibility could then be seen as the moral projection of the concept of responsibility in its ordinary (individual) sense.7

In order to support the principle of Moral Projection, Goodpaster evaluates whether corporations have organizational counterparts for the four stages or processes identified with individual responsibility: perception, reasoning, coordination and implementation, and concludes that they do. He writes that a company perceives via information gathering and information processing. It reasons and introduces specifically moral reasoning into the life of the corporation via corporate ethical codes or a more informal understanding of corporate culture, which in turn is made up of the values and principles of the company. Goodpaster writes that a company coordinates, that is manages multiple and competing moral considerations, in ways analogous to its balancing of economic interests and regulatory compliance requirements in its routine business. Finally, companies implement their decisions by pushing to action via restructuring, providing incentives for the desired behavior and, as needed, direct intervention by senior management. As you can see from this summary, Goodpaster’s argument in “The Concept of Corporate Responsibility” is an example of a comparison of

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7 Goodpaster, *The Concept of Corporate Responsibility*, 10, emphasis in original.
the criteria for individual agency with descriptions of corporate organization, structure, and other features.

In three written works, “The Corporation as a Moral Person,” “Collective and Corporate Responsibilities” and “Corporations in the Moral Community”, Peter French argues that corporations are full-fledged moral persons, with whatever privileges, rights and duties are accorded to moral persons. To set up his position, French distinguishes between mobs and groups that may qualify as moral persons. Mobs, he says, are aggregate collectives, with no identity beyond the component members. The concept of mob is a summary reference. The kinds of groups that may qualify as moral persons are non-eliminatable, that is the group persists in time despite changing membership of the individuals that make up the group. Thus, corporations are non-eliminatable because they continue to exist while executives and staff are hired and fired and while people change positions in the company. This claim is a critical piece of French’s argument, because, he holds, for a corporation to be a moral person, the corporation must not be subject to elimination when particular individuals are no longer part of the corporation. Corporations do fulfill this condition of moral personhood, French holds, because they are non-eliminatable.

Against this background, French’s argument for corporations as moral persons follows the general structure previously described, whereby French first explains individual responsibility and then asks whether corporations can meet the definition provided for individual responsibility. For French, a subject is responsible if 1) the subject’s actions caused an event and 2) the action in question was intended by the subject or was a direct result of a subject’s intentional act. French argues that, for a
corporation to be a moral agent, we must be able to say that (at least some of) the things the corporation does were intended by the corporation. In the three works mentioned above, French argues that we can affirm corporate intentionality by reason of the existence of the Corporation’s Internal Decision (CID) structure. The CID structure provides a way for us to say that the corporation had a reason which was the cause for its doing a certain action. The CID is made up of two elements: 1) an organizational chart that delineates levels in the corporate structure\(^8\) and 2) corporate decision making rules (often articulated as corporate policy) that differentiates an individual person’s decision from a corporate decision. French says, “…the CID Structure accomplishes a subordination and synthesis of the intentions and acts of various biological persons into a corporate decision.”\(^9\) In a later work, French and co-authors write, “A functioning CID structure incorporates acts of human persons.”\(^10\) French concludes that the CID thus provides grounds for holding corporations accountable for what they do, for treating them as moral persons.

Simply, when the corporate act is consistent with, an instantiation or an implementation of established corporate policy, then it is proper to describe it as having been done for corporate reasons, as having been caused by a corporate desire coupled with a corporate belief and so, in other words, as corporate intentional.\(^11\)

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\(^8\) French, unlike Goodpaster, does address more directly the hierarchical structure of corporate decision-making. But, he does so in ways that are limited by his conception of the CID structure, as will be explained in Chapter 3.

\(^9\) French, *The Corporation as Moral Person*, 212

\(^10\) Peter A. French et al., *Corporations in the Moral Community* (Fort Worth, TX: Harcourt Brace Jovanovich College Publishers, 1992), 17, emphasis in original.

\(^11\) French, *The Corporation as Moral Person*, 213
Thus, French, like Goodpaster, argues for corporations as moral persons because, by means of the CID he describes, they meet the criteria of individual moral persons.

In a later article, “Integrity, Intentions and Corporations”, French modifies his prior work with respect to the nature of corporate intentionality. He still maintains that a CID is evidence of corporate intentionality, but abandons the view that intentions are desires and beliefs. In French’s later work he says, “To intend to do something is to plan to do it.” He asserts that corporations, via the CID, plan as a common and ongoing corporate activity, thereby demonstrating corporate intent. For example, a company may announce that it plans to build a new plant in Mexico.12

In his book, *The Morality of Groups*, a third major contributor to the group agency literature of the 1970s and 1980s, Larry May, argues that groups are comprised of individuals in relationships, which he sees as a middle position between viewing groups as mere aggregates of the individuals in the group and viewing groups as (what he calls) reified full moral agents, a position he rejects. As a definition of a group, May says that “when a collection of persons displays either the capacity for joint action or a common interest, then that collection of persons should be regarded as a group.”13 May is stressing here that groups do not exist independently of the people in the group, a point that French and Goodpaster would not deny but do not emphasize as May does.

In May’s argument, collective action and collective intent are what are required for collective responsibility. With respect to collective action, May writes that

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13 May, *The Morality of Groups: Collective Responsibility, Group-Based Harm, and Corporate Rights*, 29-30. Although it is outside the scope of this discussion, it is interesting to note that May’s definition allows for mobs to be held collectively responsible, in some cases. He offers a discussion of this point in *The Morality of Groups*.
corporations can only act vicariously, that is, through persons.\textsuperscript{14} This means that an act can be the act of a corporation because of the relationship between the person who caused the action and the corporation. May’s position on collective intent differs importantly from French’s CID structure in that May sees corporate decision making as a type of consensus among the decision makers. May argues that the intentions of the decision makers do not become the intention of some other entity; they remain the decision makers’ intentions, collected into consensus, such that both the individual intentions and the consensus intention are subject to change. Nonetheless, May asserts that groups acting in goal-directed ways (which can be examined by reference to corporate policies and by the individual actors’ relationships within to the structure of the group), can be said to have collective intent; and when this is combined with collective action, May concludes that corporations can then be held collectively responsible.\textsuperscript{15} Like Goodpaster and French, May argues for corporate responsibility by means of a comparison of groups to specific characteristics of individual moral agents.

Although May’s work addresses a variety of non-business topics not related to corporations, he presents a model for studying corporate responsibility that explicitly includes company’s failure to act responsibly. He calls such failure \textit{corporate vicarious negligence}. May’s model for this is based on combining vicarious action and negligent


fault. May defines vicarious action as “action (a) done by (y) but attributable to (x)”, and he defines negligent fault as the failure of the corporation (or other group) to act when it ought to have acted. Negligent fault is an idea that seems suited to illustrating corporations’ agency because if a corporation failed to act, some or all of its members failed to act. Thus, in the model of vicarious negligence, individual action is clearly meaningful. But, there can still be corporate negligence even if some (but not all who ought to have) acted (rather than failed to act) and thus, it is clear that the corporation’s act cannot be merely identified with the act of an individual in the company. May claims that the model he proposes treats corporations as a collection of people, not reducing corporate acts to individual acts only and not mystifying corporate acts as if they happened independently of individuals’ (role-governed) actions with in the corporation.

On May’s model of corporate failure, corporate officers and other corporate staff can reasonably defend the company against charges of corporate responsibility by demonstrating that an individual was not authorized to act on behalf of the company in a certain way or by showing that reasonable measures were taken by the corporation to avoid harm or negligence of this type. Thus also, company policies and rules can be built to prevent and deter harmful corporate acts. May argues, therefore, that his model is clearly superior to the legal notion of strict liability for corporations when the company would be responsible for its action regardless of intention or poor conduct. May acknowledges, however, that this model might serve to increase the number of “special excuses to which a corporation can appeal.”

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16 May, *The Morality of Groups: Collective Responsibility, Group-Based Harm, and Corporate Rights*, 84

17 May, *The Morality of Groups: Collective Responsibility, Group-Based Harm, and Corporate Rights*, 86
to establish relevant policies and to be watchful particularly in areas where potentially harmful actions can take place fairly easily or relatively unnoticed.

In addition to Goodpaster, French and May, a number of other authors made similarly structured arguments in support of group agency in the 1970s-1980s by comparison to the criteria for individual agency. I will summarize some of these authors’ work briefly here and mention two of the more recent contributions on collective responsibility, for the purpose of highlighting a few key points about corporations as group agents from the literature.

In the context of the question of whether corporations can have moral rights, David Ozar looks at corporate moral agency as an instance of collective moral agency on the basis of a constitutive rules approach. In this view the corporation can be thought of as a moral agent because a system of rules exists that “constitutes certain actions, performed by individual human persons, to be actions of the corporation as a single entity.”¹⁸ In addition, the actions constituted to be actions of the corporation have sufficient features of voluntariness and choice to support them as actions of the corporation. In an earlier work, Ozar described three models of group choice, in defense of group agency. He wrote that groups can choose by 1) constitutive rules (a charter or policy that make an action a group action, as just described), 2) by acceding to expertise (when the group collectively defers to an expert in the group), or 3) by consensus, a typically informal process which depends on the group functioning as “a company of equals” (where all agree on the action to be taken, whether this be directly unanimous or

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¹⁸ David T. Ozar, "Do Corporations have Moral Rights?" *Journal of Business Ethics* 4 (1985), 279, emphasis in original
arrived at via a “complex constellation of mutually conditioned choices.”) Like May’s work, Ozar’s work highlights the role of individual actions which become corporate actions (or not) based on a system of rules or closely analogous process, so that under proper circumstances, a group can thereby make a collective decision.

In his defense of collective responsibility (for harmful actions), Joel Feinberg defines responsibility for individuals and for collectives as (justified) liability to others’ attitudes, judgments or actions as a consequence of the subject’s actions. For individual liability to such attitudes and so on, Feinberg states three conditions that must be satisfied. First, it must be true that the individual did the harmful act in question. Second, the action must have been faulty in some way, and third, the faulty act must be directly causally connected to the outcome. For Feinberg, collective liability must fulfill the same three conditions.

Feinberg then discusses some concerns about individual and collective liability under these conditions, employing the headings of strict liability, vicarious liability, and collective liability. Strict liability holds an actor responsible for any harmful consequence of an action, without regard to the actor’s intent. Feinberg gives an example of a company taking great care in a hazardous activity, such as explosions using dynamite, yet being held liable for harm to a person who was injured as a result of the company’s explosion. In cases like this, special precautions can be taken by such

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companies in areas such as policy, procedure and insurance to decrease the likelihood of accidents, but the group may be held liable for harm caused anyway.

Second, there is vicarious liability in which the person who did the act is not the one called to answer for it. For example, in a relationship between superior and subordinate, the superior who gives an order for the subordinate to act may be the one who answers to the senior superiors. So, vicarious liability also would come into play if an employer can be held responsible for an employee’s action if the employer did not take appropriate care to prevent the harmful event and its outcome that were caused by an employee’s act, e.g. did not hire and train qualified workers for a particularly dangerous task.

Finally, collective liability, for Feinberg, “is the vicarious liability of an organized group (either a loosely organized, impermanent collection or a corporate institution) for the actions of its constituent members.” Feinberg says that in organizations with a high level of solidarity (described by Feinberg as an integrated set of interests among members with bonds of sentiment toward common objects and collective/indivisible harms and goods among the members of the group), collective liability is a natural and prudent way of arranging and organization, one which members might well voluntarily undertake. I will return to the concept of collective liability described here later in this chapter.

In more recently published works, a number of authors have continued a similar line of thinking about group agency as I have described in the writings on the topic from

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the 1970s and 1980s. One important example is Christopher Woodard who defends the existence of and then explores implications of group actions and group-based reasons for action in a paper written in 2003. He observes that individuals can have reasons (and these reasons may be selfish or altruistic) to participate in group actions, and explores the question of whether the group can properly be said to have reasons to act, i.e. reasons of the group. Woodard rejects a view of group reasons that says a group reason exists if (and only if) a sufficient number of group-members are willing to cooperate, satisfying what Woodard terms the *willingness requirement*. This is an inadequate account, he argues because focusing narrowly on the willingness requirement removes the possibility of genuine conflict between group-based reason and individual-based reasons, conflicts we know empirically exist in many situations, including some where group agency is widely affirmed. Instead, Woodard argues for “pluralism” about agency, which holds that individual-based and group-based reasons are relevant and these reasons may well be in conflict with each other, and yet, group agency is affirmed. Woodard’s pluralist view of agency suggests that one consider more than one concept of agency (here, individual agency and group agency), creating a way to look at an actor as an individual and a member of a group with reasons relevant to individual and group agency.

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23 Christopher Woodard, "Group-Based Reasons for Action," *Ethical Theory and Moral Practice* 6 (2003), 216-220

24 Woodard, *Group-Based Reasons for Action*, 227. For discussion of individual agency in the context of group agency, see Chapter 5.
Arguments Against Group Agency

The authors presented thus far provide examples of arguments for group agency from the perspective comparing features of groups with the widely accepted criteria of individual moral agency, concluding that some groups do meet these criteria. However, elsewhere in the existing philosophical literature, other authors argue that no groups meet the criteria for individual moral agency. Some of these arguments will be summarized in this section of this chapter. Note that all of these critics, however, accept the method of the proponents of group agency, i.e., comparing features of groups with widely accepted criteria of individual moral agency. In addition, none of them has argued against the proponents’ arguments in ways that challenge the adequacy of the three general criteria of individual agency mentioned above.

Patricia Werhane argues that corporations do not meet the criteria for individual moral agency, but are “secondary” moral agents by the method of assessing whether a corporation meets the criteria of individual moral agency. In contrast to authors previously presented, Werhane asserts that “no corporation can be properly said to ‘act on its own.’” She describes actions of a corporation as actions that are carried out by individual persons, and “so-called corporate actions” as the results of actions that the constituent individuals carry out to achieve a certain corporate goal. Nevertheless, Werhane argues that “not all actions of corporations are redescribable merely as individual actions” nor are they redescribable as the aggregate result of the individual
actions. In order to support this set of claims, she presents a theory of collective “secondary” action to show how this can be.

Werhane’s theory is based on a definition of secondary action (borrowed from Copp) that says that “an agent’s action is secondary if, and only if, it is correctly attributable to this agent on the basis of either an action of some other agent, or actions of some other agents.” That is to say, if an agent’s action is directed by another agent, the action is secondary action. But, this definition speaks only about individual secondary action. Werhane explains that collective secondary action is more complicated than individual secondary action because it is not always clear who or what group directed an action attributed to the collective. The corporate charter, goals, and culture partly direct the individuals’ actions, but all of these are in turn modified and depersonalized by constituents and marketplace over time. But actions are attributable to the collective only because of such primary action by employees. Based on this exploration then, Werhane says that corporate action is collective secondary action and is not like (or not enough like) individual moral agency to support the positions of the authors mentioned above. The proper comparison (provided the additional complexity of the corporate setting is acknowledged) is between an individual to whom the action of an agent acting for this individual is attributed and a corporation to whom the action of a complex, multifaceted set of agents for this corporation is attributed. Therefore, what follows, she says, is that corporations are secondary (not primary) moral agents. But, as such, she says,

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26 Copp (1979) quoted in Werhane, Persons, Rights, and Corporations, 52-53
corporations are, and should be, held morally responsible for actions.\textsuperscript{27} Interestingly, despite her disagreement with previously described arguments for primary (in her terms) corporate action, Werhane’s normative conclusion is that corporations should be held morally responsible, like the authors described earlier.

In addition, a number of authors have written arguments rejecting every kind of group moral agency altogether, both about groups in general and specifically with respect to corporations. In an often quoted and referenced work from 1970, John Ladd argued that formal organizations (such as corporations) are not moral persons, have no moral responsibilities and have no moral rights.\textsuperscript{28} It is the general characteristic of formal organizations, Ladd says, that they are structured for the purpose of obtaining specific goals, and they are both differentiated and defined by reference to their goals. Thus, for Ladd, the standard for evaluating formal organizations as rationally structured is the organization’s effectiveness in achieving its objectives, and an organization’s decisions are therefore rational if they lead to accomplishing the organization’s goals. Ladd concedes that, in pursuit of the organization’s goal or goals, a formal organization can make decisions and carry out actions. These are decisions and actions that are attributed to the organization itself and not only to the collection of individuals that make up the organization. Correspondingly, for Ladd, a person within such an organization can make a decision that is not attributable to him personally when he makes a decision on behalf of the organization, with the organization’s goals, but not his own, in mind. However, since the only rational standard for decision making and actions taken by an organization

\textsuperscript{27} Werhane, \textit{Persons, Rights, and Corporations}, 54-55, 59

is effective achievement of its goals and those alone, it follows that moral
considerations (individual or social) in any proper sense of “moral” are not relevant to
organizational reason or action. Formal organizations, Ladd concludes, can be properly
thought of as agents, but not as moral agents. They are not analogous to moral persons.

Ladd is not denying that genuine moral considerations can and ought to play a
role in individuals’ decisions to create or change a formal organization by establishing or
modifying its goals, policies or structures. But these moral considerations are, from the
point of view of the organization only relevant as *limiting operating conditions*, or
conditions that set limits to what the organization can seek to do, and therefore they can
only enter into the operations of a formal organization as moral opinion, i.e., without
rational weight to direct conduct. Thus, Ladd concludes, “We cannot and must not
accept formal organizations, or their representatives acting in their official capacities, to
be honest, courageous, considerate, sympathetic or to have any kind of moral integrity.”

In effect, Ladd argues that formal organizations are too simple, too unified, and too
mechanical to remind us of a moral person. He acknowledges, however, that it may be in
the best interest of a corporation to “pay lip service” to morality, but sees it as a matter of
“public relations”.

Michael Keeley also disagrees with previously summarized arguments of the
analogous-to-a-moral-person approach. But, in interesting contrast to Ladd’s argument,
Keeley attacks this view on the basis that the complexity of organizations shows a lack of
intentionality, arguing that corporations have no intentions or goals at all. Corporations,
he holds, do not have the kind of unity that is requisite for us to compare them positively

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with individual human persons. While other authors say that corporate charters, annual reports, executive statements, or even actual organizational activities describe corporate goals and are evidence of unified decision making, Keeley contends that we can say these are goals for an organization, but writes “it is deceptive, I think, to call goals for an organization, goals of an organization. The latter connotes a certain unanimity that is not usually evident in complex organizations.” Keeley concludes that without “the collective analog of individual intent”, organizations are not metaphysical persons and they are not moral persons.30

Seamus Miller also specifically disagrees with the conception of corporations as moral persons. Miller denies that corporations have intentions and, concludes consequently, that they are neither rational nor moral agents. Miller argues that evidence of a corporation’s having intentions, such as the corporate internal decision structure (CID) described by French, would require a corporation to display a “whole network of sophisticated propositional attitudes” that would in turn require reflective reasoning that would actually make a corporation look like a fully conscious (and self-conscious) being. But, Miller argues, these demands are too great for the CID to meet them, leading Miller to reject the idea of corporate intentions, reasons and decisions.31 Furthermore, Miller asserts that affirming corporations as moral agents would have at least two “untoward” consequences. First, it seems to imply a decreased responsibility of individual human beings for the actions of a corporation. Second, it seems to have the consequence that


corporations as moral actors have moral value in themselves, i.e., independently of the individual involved, which then seems to mean that they cannot be morally dissolved.32

The arguments of Werhane, Ladd, Keeley and Miller oppose the view of corporations as group agents and raise important considerations for authors who argue in support of group agency and collective responsibility. These criticisms, then, are also important for my project, which examines corporations as group agents and responsible collectives. As such, I will return to and respond to some of the points raised in these critiques later in this chapter and later in my project.

The Setting for the Project: Agency and Action

As evidenced by the literature described here, the question of whether groups can be properly said to be moral agents who are morally responsible for their collective actions is still being actively debated. The more recent literature focuses more on informal groups than the older literature did and addresses descriptions of collective intentions and responsibility (see next section), rather than decision making structures which were the subject of the literature of the 1970s-1980s. This changed focus has broadened this discussion significantly, raising many new questions while leaving older ones still open for discussion. But, at a minimum, it is still an open question and one on which a sizeable amount of evidence for an affirmative answer has been offered.

In the setting of the literature described above, I shall work from the position that corporations are group agents on the basis that there are features of corporations that are similar enough to the features of individuals that qualify individuals as moral agents.

32 Miller, “Individualism, Collective Responsibility and Corporate Crime,” 24
Specifically, corporations arguably make voluntary choices and have intentions, i.e., make plans and choose actions, as French (and others) argued, doing so by means of corporate policies, formal and informal decision making bodies, and general corporate culture (meaning patterns of behavior and conduct that are collectively supported and therefore characterize the company). However, my starting point is more aligned with Goodpaster, May, and Ozar and less aligned with French’s too narrow emphasis on the formal CID. The reason is that my experience with modern companies finds informal decisions more prevalent and powerful than formal CIDs of the type described by French. I have experienced corporate policy and culture to be as important as formal systems, and these are widely shared across employees and employee groups at all hierarchical levels, even if they are disagreed with in various respects more often than they are all fully embraced. Similarly, corporate intentions are seldom the work of just one person, whether CEO or anyone else; and this is true even in small, entrepreneurial companies built on a founder’s business plan (or, to state it more personally, a founder’s dream). Group choice, in the three models described by Ozar, is often employed in corporations to form corporate intent. Thus, corporate intentions are strongly consensus-driven, often involving numerous subject matter experts across many functional areas to arrive at policy, practice and the expectations that drive subsequent evaluation or outcomes. In addition, consultations with legal, financial, operational, environmental, quality assurance and technology experts are frequently required in the complex world of modern corporate decision making. Although one person may ultimately make the official corporate decision, it is typically a result of contributions from multiple other corporate areas. My experiences do not reflect formal CID structures described in the literature.
This model of consensus driven or multiple expert consulted corporate decision making is also an answer of sorts to Keeley’s criticism of corporate intent, in that goals derived from this kind of discussion, debate and decision-making can actually be goals of an organization, not just goals for an organization. In my opinion, French’s assertion that the CID Structure subordinates and synthesizes the intentions and acts of various biological persons into a corporate decision and his conclusion that corporations are full-fledged moral persons takes away too much individual responsibility and becomes too anthropomorphic, as other critics, including Seamus Miller, have argued. But Miller and even more so Keeley underestimate, in my judgment (as French’s CID model over simplifies on the other side), how effectively in a well run organization so many diverse factors and individual and collective contributions can “come together,” in part because of a well designed and highly functioning system of hierarchical relationships.33

So, I hold on the one hand that corporate decision making and intention creation is not the same as individual human decision-making or intention creation. Corporate decision making is a more systematic process, involving the sequential or simultaneous input of numerous subject matter experts, as described above. And, although an individual may gather opinions before making a decision, this is not requisite for individual decision making, but this is requisite for corporate decision making and is a key function of hierarchy in a corporation; and so decision making is different between individuals and corporations. But, like many of the authors cited here, I hold that corporations have features that are similar enough to individual moral agents with respect

33 As I will explain in Chapter 3, the relationships I am referring to are not reducible to a set of simple “agent-acting-for-another” connections, as the idea of hierarchy is often interpreted. The connections and interrelationships between roles in a modern corporation are much more complex than this.
to corporate decision making and corporate intent to meet this proposed criterion for attributing moral agency to corporations that have these characteristics.\textsuperscript{34}

In addition, specifically with respect to the criterion of corporate action, my thinking is aligned with the arguments of Werhane and Woodard. My view is that corporations act via the actions that are carried out by employees when the employees act to achieve a corporate goal or in compliance with a corporate standard that has been established and articulated by corporate intent (in the form of policies, practices and culture as described above). The advantage to this view compared to others presented, I think, is that it preserves individual moral agency in the setting of group agency. Werhane calls the group a ‘secondary’ moral agent, in order to maintain individuals as primary moral agents, and Woodard argues for a pluralistic point of view whereby individual and group moral agency are both and each considered in deliberations. This approach to group action answers critics, such as Miller, who worry that individual moral accountability is decreased or diluted by theories of moral agency. In fact, the hierarchical structure as well as corporate efficiency require that employee-actors also contribute to decisions in advance and also serve as sources of feedback in the evaluation of outcomes. Continuing my thesis of ‘similarity’, I contend that corporate action exists via the actions of goal-intentioned employees whose acts pursue established and articulated company intentions or goals. Even as moral individuals, they evaluate corporate goals and their own actions by moral standards of broader kinds.

\textsuperscript{34} As mentioned above (see footnote #1 in this chapter), there may be entities called – and possibly legally recognized as – “corporations” that do not fulfill these conditions. Again, if such entities exist, they are outside the scope of what I mean by \textit{corporations} throughout this study.
To further support my view, I would like to address Ladd’s description of corporations and his argument against corporations as moral agents. I find Ladd’s claim that corporations can pursue only their business goal(s) to be too narrow to apply to most companies in the modern world. Although a priority for and focus on pursuit of organizational goals is important for companies to be successful, it is unrealistic to think that a company’s goal can be pursued as single-mindedly as Ladd describes. Ladd allows other considerations into the corporate decision making process as data, calling them moral opinion but in doing so he is acknowledging that corporate singularly goal-focused action and intention is not all that happens. I argue more strongly that it is impossible. In fact the impossibility of this kind of singular focus on company goals has increased in the nearly 40 years since Ladd’s paper was published, because public awareness and expectation for responsible moral and business conduct have increased. Public and social interests must now be consciously balanced in corporate decision making with corporate enterprise. This raises moral, environmental, and social concerns that must be addressed by persons in all levels in modern corporations, and not just as “limiting operating conditions”, as Ladd puts it. For example, production of goods in low-wage countries or sweat-shops in order to achieve higher profits has been sharply criticized by media and consumers in recent years, creating loss of sales and loss of customers. This makes the moral consideration a very real business consideration, not just public relations matters, and many corporations and formal organizations view such issues as substantive policy issues, not just “opinion”. Ladd’s argument may have been more persuasive in its time, but it is no longer a defendable description of modern business process.
In conclusion, the collection and analysis of the group agency literature I have described supports my starting point for this project, namely, that corporations are reasonably considered to be moral agents because corporations have features that are similar enough to an individual’s intent (or voluntary choice) and individual action. Corporate intentions are generated by both formal and informal input and complex consensus decision making from multiple people or departments and are established and articulated as corporate policies, practices and corporate culture. Corporate action is carried out via the actions of corporate employees who contribute to corporate decisions and then act in pursuit of corporate goals or in compliance with corporate policy and contribute again to these through evaluations of outcomes and feedback mechanisms. The description or classification of corporations as group agents is important because it means the corporations, as group agents, can be held morally responsible (that is praise worthy or blameworthy) for intentional corporate actions.

**Collective Responsibility**

Having argued for a starting point for this project that corporations are moral group agents and perform actions, I will turn to the question of collective responsibility, which was briefly introduced earlier in this chapter. In an introduction to a special issue of the *Journal of Social Philosophy* published in the Fall of 2007, Larry May and Raimo Tuomela acknowledge that the term ‘collective responsibility’ is ambiguous, but find it interestingly ambiguous.\(^{35}\) These authors summarize two meanings of the term. Collective responsibility can mean the responsibility of the group, and not necessarily of

\(^{35}\) *Journal of Social Philosophy* (2007), XXXVIII(3), 365
any of its members. This has been called “group responsibility” or “non-distributive responsibility.” Collective responsibility can also mean the collected responsibilities of the members of a group. This is often called “shared responsibility” or “distributive collective responsibility.” The authors also remark, “while the term ‘collective responsibility’ is ambiguous, it is interesting whether the two senses of the term are related to each other.” These are the general issues with respect to responsibility and corporations that my work here hopes to begin to address. If a company (a group agent) is responsible, to what extent is each member of the company (group) also responsible? If it is the case that both a company and an employee can be responsible, how are these responsibilities related? With multiple agents involved, what are we to say if or when competing or conflicting responsibilities arise?

The earliest accounts of collective responsibility worried about how it could be possible that a person could be held responsible for the actions of another (because this was an important prevailing necessary condition for responsibility in that era). H. Gomperz and H.D. Lewis each described collective responsibility as a case where one could be responsible for another’s action. Gomperz’ conception of collective responsibility was that “sometimes all the members of a group are held responsible for what one of them has done.” Cases where the entire group is responsible or “co-responsible” for the conduct of its members were termed “social responsibility” in his paper. Lewis’ work “stressed … that the guilt of each is strictly proportionate to his


part in the joint undertaking,” creating the idea that different members of a group could be differently responsible for a group action.

A different account of collective responsibility (and its implications for group members) has put forward more recently by Margaret Gilbert in response to the question, “If we are morally responsible for something, what does that say about me and you – distinct individuals whose personal stories may widely differ?” In Gilbert’s model for collective moral responsibility, a collective is blameworthy if the collective freely acts and knows that its action is morally wrong. Collective action, for Gilbert, depends on a collective that is a population of persons with a joint commitment, a plural subject in Gilbert’s terms. The joint commitment unifies the people in such a way that something more than the mere aggregate of persons is created. (Gilbert clearly presupposes collectives can be moral agents and can act.)

Regarding individual responsibility, Gilbert argues that individual blameworthiness “depends on the details of a given member’s particular situation.” That is to say, an individual may play a greater or lesser role in determining the collective intention or in carrying out the act and would be correspondingly more or less individually responsible. Or, an individual may refrain from acting according to group intent or may be ignorant of the group’s action or may not have been a member of the group when the group action was carried out, all pointing to the individual as not bearing

38 Gomperz, *Individual, Collective and Social Responsibility*, 331-332
39 Lewis, *Collective Responsibility*, 13
moral responsibility where collective responsibility exists for a group of which the individual is a member. Details like these must be considered in determining individual responsibility in the setting of collective responsibility.

It is also interesting to note that some authors have assigned collective responsibility to groups even in circumstances in which the author argues that the group lacks the capacity for agency. This opens the idea that even if the prior argument for regarding corporations as group agents were no longer tenable for some reason, there might still be a place to argue for collective responsibility of corporations. Because this provides an interesting safety net to my work, I will present an examination of two examples of arguments that collective agency can apply to groups that do not meet the criteria for individual moral agency. In the first example, Paul Sheehy asserts that groups lack the mind of a self-conscious agent, and as such, lack the capability for moral evaluations. However, if a group’s practice allows its members to reflect and deliberate on the group’s character, goals and practices and to change them, then Sheehy says it is plausible to say that the group’s members are jointly or collectively accountable for what the group is and does.

In another example of this, Kenneth Shockley contends that “collective agency is not a necessary condition for praise and blame, and therefore for collective moral

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42 Many of the issues under discussion here can also be addressed by asking “how much” distance, chosen or accidental, from a group action would be required for us to describe a person as “no longer a member” of the group? The use of the phrase “is a member” here is not intended to suggest a simple answer to the question. But these issues will be discussed in this dissertation from the perspective of responsibility rather than in terms of the complexities of “being a member” of a group.

responsibility.” Rather, Shockley focuses on the causal role of groups. Shockley says that an assignment of collective responsibility is warranted when 1) the group cannot be eliminated from the explanation of some produced harm or benefit; 2) the group enables the agents to perform the actions that led to a harm, and 3) the harm is caused by an aggregation of independently blameworthy acts of members of the collective. On the other hand, Shockley also argues that we cannot hold a collective responsible if no member of the collective is not also responsible. “Enron could not be blameworthy if no one in Enron did anything wrong.”

In the setting of the collective responsibility literature summarized here then, my starting point will be that collective responsibility, generally speaking, can be ascribed to corporations, as groups, for praiseworthy or blameworthy actions whenever corporations are moral agents based on the similarity of corporate features to the criteria for individual moral agency and responsibility. I shall explore, later in this project, the idea that collective responsibility can be maintained in some circumstances even if corporate agency is absent, building from the arguments of Sheehy and Shockley described above.

In my opinion, the most important aspect of the recent collective responsibility work is that individual responsibility persists in addition to collective responsibility, and nearly all of the authors described above therefore include a discussion of what is involved in determining individual responsibility. In this project, then, I will include the issue of individual responsibility along with group agency themes described in the first

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45 Shockley, *Programming Collective Control*, 442-443

46 Shockley, *Programming Collective Control*, 451
part of this chapter. I will in particular explore the idea that individual responsibility is
greater in cases where the individual plays or played an important role in determining the
company’s intent or in carrying out the action. By individual responsibility, I intend both
prospective responsibility to make praise-worthy decisions and retrospective
responsibility for benefits or harms caused by decisions made. The recent literature
makes it clear that both prospective and retrospective individual responsibility must be
part of our thinking about corporate group agents.

In summary, based on the literature reviewed, I have identified a starting point for
this project. It holds that corporations can be group agents because they have similar
enough features to individuals who are moral agents, namely, intention and action. In
addition, collective responsibility may also be ascribed to groups that are not group
agents and so to corporations if they fall short of this description. But this does not
remove or even reduce individual responsibility for actions carried out as part of the
corporation (or other collective).

Thus far, corporations have been treated in a straightforward way as a specific
instance of the general category of group or collective. And, generally speaking, this
treatment is reasonable because corporation is comprised of a group of people with a
‘joint commitment’ (to use Gilbert’s terminology). However, in corporations (and many
other collectives), people are organized hierarchically. In fact, hierarchy is an important
identifying and organizing feature of modern corporations, and it is an important
difference between corporations and other kinds of groups. A description of hierarchy of
in corporations and an analysis of its presence (or absence) in the group agency and collective responsibility literature will be the subject of Chapter Three.
CHAPTER THREE
HIERARCHICAL ORGANIZATION IN THE CONTEXT OF GROUP AGENCY AND COLLECTIVE RESPONSIBILITY: THE SHORTFALL OF THE EXISTING LITERATURE

Within the group agency and collective responsibility literature surveyed in Chapter Two, corporations are specifically mentioned by some of the authors. My summary in Chapter Two focused on authors whose work included consideration of corporations, while at the same time providing a general explanation of what has been written about group agents and collective responsibility. In this chapter, I will analyze that literature to determine if corporate hierarchy is examined within discussions of corporations. As background to this analysis, I will first explain what I mean by corporate hierarchy. The conception of corporate hierarchy to be employed in this project is grounded in the general business literature, but I have also had the opportunity to validate this conception in my own experience of corporate hierarchy during more than fifteen years of service in a large, global corporation. With this analysis in place, the rest of this chapter will assess whether what has been written about group agency and collective responsibility adequately takes into account the fundamental infrastructure of actual corporations, their hierarchical organization.
Organizational hierarchies constitute the fundamental infrastructure of corporations in that they determine both how corporate intent is formed in corporate decision making and the roles and relationships of the actors (individuals and groups of individuals) that are involved in carrying out corporate action. As such, corporate hierarchies are critically important to corporations as group agents. But as was explained in the previous chapter, for corporations to be described as group agents, they must be able to act, their actions must cause praise- or blame-worthy outcomes, and companies must be said to have acted intentionally. Therefore, clearly, that which determines the actors in and the method for forming corporate intent, namely the organizational hierarchy, is a crucial component of to our investigation of corporations as group agents.

Generally, employees in companies are ranked in roles such as workers, supervisors, managers, and executives, and their role or hierarchical ranking corresponds to their responsibilities in the company, including the responsibility to make or play a role in making company decisions and/or to carry out corporate actions. Companies both large and small have some kind of organizational hierarchy. To say it informally, any person who works in a company, no matter the size, knows who “the boss” is, and people who work in large companies typically know both who their boss is and specifically how their boss relates to “senior management”. Whether the organizational chart is “flat” with a few leaders and many workers, or the organizational chart is intricately structured with numerous levels of supervisors, team leaders, group directors, senior directors, vice
presidents, and so forth, and whether reporting is direct or “dotted line” reporting\(^1\) or both, there is always a system of roles and relationships by which people are placed in levels or roles within a company that are most naturally imaged as a staged series of offices, each of which oversees those immediately “below” directly and those below that one indirectly, i.e. a hierarchy. Thus, employees’ work performance is both directed and assessed by those in levels above them. Similarly, the opportunity for new assignments or new training typically includes an explicit or implicit approval by a person’s current manager on the basis of policies or other decisions by “higher level” managers in the hierarchy. As a consequence, people can self-assess their work performance by comparing their results or work ethic against people in a similar job or a similar level in the company or determine their career trajectory by comparing their work to their boss’s work; and work processes and work product can be dramatically changed by the replacement of one person at a high level in the organizational structure. These are all characteristics of the operations of corporate hierarchy and its crucial role in the life of a corporation. In addition, besides these “vertical” relationships, modern corporate hierarchies are characterized by numerous complex relationships. “Dotted-line” relationships referred to above and other formal and informal (meaning not documented

\(^1\) The term “dotted-line” reporting is used to describe situations where a person reports to one manager (depicted as a “solid line” on an organization chart) and also answers to another manager at the same time (depicted as a “dotted-line” on an organizational chart). For example, a human resources recruiter may report to the manager of human resources (who does her official performance evaluations) while, at the same time, she is subject to “dotted-line” reporting to the division manager of the group for whom she recruits new staff. The “dotted-line” manager also provides direction and feedback for the job responsibilities of the human resources recruiter. “Dotted-line” reporting is an example of the kind of complex hierarchical relationships that will be considered in this project.
in organizational charts or corporate policy) relationships are often the source of very significant links between individuals in a hierarchical organization.²

To focus specifically on group agency, each and every level of the hierarchy, including all who contribute to corporate decision-making and action-taking, is fundamental to a company’s group agency, as group agency has been described and its necessary and sufficient conditions identified in the literature reviewed in Chapter Two. This is true even if the decision makers and the actors in some activity of the corporation are the same people, as is often the case in a very small company. But, it is equally true when the decision makers and actors are distantly related through a complicated organization chart as is the case in large, global companies. It is by means of (or in virtue of, to use Michael Smith’s apt phrase³) the intentions and actions of the people and groups fulfilling roles in the corporate hierarchy that a company can act as a group agent.

The ranking of people and positions in the corporate hierarchy also identifies and creates leaders. People who supervise, manage and serve as executives are ranked “above” others in the hierarchy. They are charged with different and, arguably, more important (because they are broader in impact) responsibilities. For example, leaders are typically charged with the final step(s) in corporate decision-making, no matter how collegial or consultative the process preceding this step may have been. So, leaders may be charged to make independent decisions in their roles in the company, or a company might employ a collaborative approach to decision making. If decision making is

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² The complexity of corporate hierarchies is further discussed and developed in Chapter 4.

collaborative, the leader’s responsibility might be to survey numerous stakeholders or subject matter experts to make a decision. In either model of decision making, or in a model that is a mix of these two approaches, the leader’s role is clearly different from the roles of the stakeholders or subject matter experts, and once decisions are made by these leaders, they are carried out not only by the leaders themselves, but by all people subordinate to them in the hierarchical structure, further distinguishing the roles of leaders from others within the hierarchy.

This system of people in hierarchical levels or roles also creates a network of relationships that are defined by the parties’ positions in the hierarchy. These relationships may be simple or complex, depending on the organization chart drawn up by the company. With regard to collective responsibility then, the relationships of the leaders to their subordinates is often a very important factor in assessing whether responsibility for a given act is collective for the company as a whole or some subgroup. Decision makers may be properly said to have greater responsibility for a particular corporate act than an employee who had less or no ability to influence that decision based on corporate policy or culture. However, even an employee who could not effectively influence the corporate decision and might therefore be excluded from the corporation’s collective responsibility for it is not thereby absolved of individual responsibility when the decision is carried out; for any employee could reasonably be expected to consider conscientious disobedience or even separation from the group (company) if the individual and/or corporate actions chosen by the corporation as group agent are morally objectionable.
Taken together, the hierarchical roles and relationships, together with the attitudes and actions of the leaders of a company, form the company’s culture. Kenneth Goodpaster also calls corporate culture the “state of mind” or “mindset” of the company. He writes, “Mindsets carry thoughts and values into action.”

Corporate culture, or corporate mindset, then, is also centrally important to a company as a group agent because it influences (sometimes strongly) decision making and action. It will, for example, establish priorities among competing modes of action or establish parameters within which the corporation must act. For this reason, I will provide a brief description of corporate culture here, too. Since I am member of a large, global corporation, corporate culture is a familiar and commonly used concept for me, both with respect to my own company’s culture and with respect to the corporate cultures at other companies with whom I interact. However, I find myself struggling to articulate my experience of corporate culture, as have many published authors.

I think this is so challenging because corporate culture is so embedded in the corporate experience that it is hard to pull it out and put into words. Its influence and pressures are subtle and so constant that one can, therefore, easily overlook them and find them hard to describe. As a simple example, one can consider corporate culture related to the issue of timeliness. Some corporate cultures are intolerant of late arrivals to meetings, perhaps even preventing late arriving members from entering a meeting at all. My company, on the other hand, is beginning a practice of starting actual meetings fifteen minutes

minutes after the scheduled calendar start time to accommodate travel across our large
campus and to accommodate the fact that meeting attendees may be running late from
prior meetings, both of which are commonplace occurrences at our company. On the
same theme of timeliness, some companies require deliverables to be complete at the
close of the business day (the exact time of which also defined by corporate culture)
whereas others allow (and even encourage) late night work with submission prior to the
start of business the next day considered completely satisfactory. Some companies will
penalize employees for late completion of tasks and others may be more forgiving of
missed interim deliverables if an overall timeline is met. These examples are somewhat
oversimplified examples, but they are real-world examples, and they illustrate how
corporate culture can shape decision making at all levels of a corporation’s hierarchy and
this impact significantly the actions of a company, thereby making culture important to
corporate agency as I am considering it in this paper.5

Corporate Hierarchy in the Group Agency Literature

In the preceding section of this chapter, I offered a description of corporate
hierarchy, showing how it creates leaders, and describing how hierarchy and leaders
together create culture. I also argued that the concept of hierarchy is very important in
any effort to understand corporations as group agents. In this section, I will evaluate
whether the existing philosophical literature on group agency and collective

5 In Chapter 4, I will provide some examples from general business literature to further confirm this
description of corporate hierarchy and culture and the crucial roles they play in corporate agency.
responsibility takes the concept of hierarchy into account in a meaningful way by looking for the concept within the literature and evaluating what the authors have written about hierarchy, in the context of group agency, leadership and culture.

I have focused this section’s analysis on references to hierarchy, organization (in the context of organization of people or staff, such as organizational chart) and/or management. I also looked carefully at mentions of leaders or managers or executives and corporate culture, in the event that they implied elements of corporate hierarchy based on the relationships of leadership and culture to hierarchy as described in the preceding paragraphs. I will present what I found in the following pages.6

Several authors previously mentioned in Chapter 2 make reference to different levels in a company. Goodpaster mentions managers and boards of directors (key elements in corporate hierarchies) in his discussion of corporate responsibility, but he mentions them only to the extent that managers and boards play a role in the ‘mind’ of the organization. Goodpaster says that managers and boards make the sorts of decisions for the corporation that, he argues, fulfill the criteria for moral agency. He also encourages top corporate managers to influence the company’s institutionalizing moral responsibility or, as he later terms it, corporate conscience.7 The focus of Goodpaster’s discussion is what the mind of the organization does, not what it is in practice or how the hierarchical structure affects the ‘mind’ of the corporation or how an examination of its

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6 Some of the authors previously discussed made no mention of hierarchy, often because their work did not focus on corporations, per se. These authors include: Woodard, Keeley, Lewis, and Shockley.

7 Kenneth E. Goodpaster, "The Concept of Corporate Responsibility," *Journal of Business Ethics* 2, no. 1 (1983) and Goodpaster, *Conscience and Corporate Culture*
role might be necessary in assessments of collective responsibility. In other words, corporate intention (the ‘mind’ of the organization) is treated by Goodpaster as either present or absent without any hint that it occurs only through the complex (often very complex) working of a system of interacting roles and relationships, i.e. corporate hierarchy.

May explicitly defines a corporation as “an organized group of persons who are interrelated formally and hierarchically and who carry out joint ventures.” He does write about organizational charts and job descriptions, and he does argue that these shape individual acts of members but also that these acts remain the individual acts of the members; that is, the opportunity to discuss the role of corporate hierarchy in group agency is not taken. May also points out that supervisors and department heads (whose roles are created by corporate hierarchy) implement corporate decisions by providing direction about the conduct expected of employees and also by deciding questions of salary, promotion and retention. May also refers to “high-ranking managers” in his discussion of corporate conscientious reflection, but ultimately rejects the notion that the reflection of high ranking managers could be corporate reflection. May writes that corporate decision making is possible via management and organizational structures, but corporate conscience distinct from the individual conscience of managers or board

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9 Larry May, *Sharing Responsibility* (Chicago, IL: The University of Chicago Press, 1992), 76

10 May, *The Morality of Groups: Collective Responsibility, Group-Based Harm, and Corporate Rights*, 102 for example
members is not, in effect rejecting the idea that an organization’s core values or mission and vision or corporate culture play a role analogous to that of a conscience in individuals. So, May’s work includes some mentions of corporate hierarchy and leadership, but these ideas are not part of his argument for group agency as a reality. In fact, they are often part of May’s arguments against claims about aspects of corporate group agency put forth by other authors. For May, like Goodpaster, corporate hierarchy seems to be a feature of corporate life that has no particular importance to the theme of group agency.

Ozar describes social rules, rule systems, and institutional frameworks that must be accepted by the persons who constitute a corporation in order for a corporation to have moral rights (conventional moral rights, that is). While this is not an explicit mention of corporate hierarchy, I would argue that a company’s hierarchy is one instance of a rule system or institutional framework that persons who constitute a corporation must accept in order for the corporation to have any moral rights. In a different paper that describes ways that groups can choose, Ozar also describes hierarchy in groups (without using the team), this time in a health care setting. In that paper, he describes how the Board of Directors’ choice or a physician’s choice can be deemed a group’s choice given specified constitutive rules. This is one example of how a group can be said to make a choice, which is necessary for a group to be considered a moral agent. But, these examples of descriptions of hierarchy and decision making, like the examples from other authors in

my analysis, address the possibility of a role for hierarchy in an analysis of group
agency only in the most general of terms and do not see it as central to the decision-
making of a corporation.

In *The Moral Status of Corporations*, Werhane presents a description of hierarchy
that is very similar to mine. She writes,

> The internal structure of most corporations is hierarchical, as any organization
> chart will reveal, with a CEO (president), vice-presidents and other corporate
> officers, assistant vice-presidents, managers, etc.

> In any corporation, there are officers and managers to whom others report and
> whose responsibilities for corporate operations are supposedly greater, and
> remuneration in most corporations is based, at least in part, on one’s title and
> responsibilities.

> In most corporations every job in the company has attached to it certain duties.
> These job specifications may be merely vague expectations or detailed rules for
> what counts as minimum or proper job performance. These job specifications or
> expectations delineate what counts as constituent action on behalf of the
> corporation.13

This description is part of her introductory description of the structure of modern
business corporations. This theme, however, does not play an important role in the rest
of her analysis or corporate group agency.

In a later paper that was written to clarify her position in response to a critic,
Werhane’s description of her position includes a restatement of the idea of corporations
as “collective secondary moral agents”, who should not be let off the hook, but do not
replace individually responsible moral agents. She reinforces her position that
“individual actions on behalf of a corporation create anonymous policies and practices

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that are no longer traceable to individuals, policies and practices which, in turn, generate corporate activities.”\textsuperscript{14} In my reading of this, corporate hierarchy may be intended among the many “anonymous policies and practices” that individual acts create. However, even though the “anonymous policies and practices” Werhane describes are central to the idea of corporations as secondary moral agents, and hierarchy could be intended to be among them, this one instance of possible inclusion does not explicitly connect corporate hierarchy to corporate moral agency. Another example in Werhane’s work is similarly silent on corporate hierarchy. The description of a mythical example (impersonal) corporation run by robots and computers features a reasonably complete list of corporate actions and activities, but no mention of job descriptions or organizational structure of the robots and computers.\textsuperscript{15} As these analyses demonstrate, the role of corporate hierarchy is not a central element in Werhane’s work on corporate group agency.

Similarly, Ladd mentions corporate hierarchy descriptively but does not really use the idea in his argument against the idea of group agency in formal organizations. In the opening description and definition of a formal organization, Ladd writes, “One of the distinctive features of formal organizations of the type we are interested in is that they are ordinarily hierarchical in structure.”\textsuperscript{16} Ladd later states that he intends to join a theory of

\textsuperscript{14} Patricia H. Werhane, "Corporate and Individual Moral Responsibility: A Reply to Jan Garrett," \textit{Journal of Business Ethics} 8 (1989), 821

\textsuperscript{15} Patricia H. Werhane, "Formal Organizations, Economic Freedom, and Moral Agency," \textit{J. Value Inquiry} 14 (1980), 47-49

social decision making with the theory of organizational authority, by which, according to corporate hierarchy, superiors command those below them. However, Ladd then concludes that because of the nature of corporate hierarchy, the subordinate’s role is to accept the decision of the superior without independently evaluating it, an idea at odds with the integrated working roles and relationships at many levels characteristic of corporate hierarchies considered successful today. Thus for Ladd, corporate hierarchy and culture not only are not considered as elements of corporate agency, but as inimical to it. Ladd does not examine or address hierarchy or leadership further, and does not include it in decision making, instead focusing on pursuit of established corporate goals as the method by which any corporate action is understood or evaluated.

The work of many of the other authors previously described also acknowledges hierarchy and the relationships between people in a hierarchy in various ways. As noted in Chapter Two, Feinberg uses the relationship between superior and subordinate to illustrate vicarious liability, which is the foundation of Feinberg’s description of collective liability. However, like the other authors, there is no further exploration of hierarchy in Feinberg’s work as it pertains to collective responsibility or group agency. Gomperz and Gilbert likewise mention themes akin to corporate hierarchical organization

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18 See discussion of hierarchy in the general business literature in Chapter Four.

and/or corporate culture, but neither explores in any way a role for corporate hierarchy or corporate culture in the analysis of corporations or any other groups as group agents.\textsuperscript{20} There are some mentions of corporate hierarchy in work on group agency by authors whom I have not previously mentioned. Philip Pettit uses terms such as corporate agents, corporate responsibility, incorporated agency and incorporated responsibility in defending the position that even in cases when no individual member of organization fulfills all conditions for responsibility, the organization overall may satisfy them and be justifiably morally responsible. He supports this position even though it may be seen to diminish individual responsibility. Pettit distinguishes voluntary associations of group members from the hierarchical organization of commercial firms, but argues that ultimately, both of these can be group agents, or corporate agents, to use his language. Like authors before him, Pettit mentions companies, parties, churches, universities, partnerships, voluntary associations and town meetings as examples of corporate agents.\textsuperscript{21} However, despite the explicit mention of hierarchical organization and language that seems to highlight corporations, no further discussion of the importance of corporate hierarchy in relation to group agency, corporate or otherwise, is provided in Pettit’s work.

Denis G. Arnold writes an evaluation of corporate moral agency focused on shared intentions. In this work, he describes how the hierarchical organization of a


\textsuperscript{21} Philip Pettit, "Responsibility Incorporated," \textit{Ethics} 117 (2007), 171-173
company decreases the likelihood of disagreement among individuals and argues that this undermines collective intention. Further, the hierarchical organization of a corporation makes it possible that shared intentions need not be harmonious, as higher ranking company personnel can require compliance of their subordinates independently of those personal intentions in the matter. (Arnold also points out that those subordinates can seek alternative employment when they are dissatisfied with being compelled to comply with a manager or leader’s decision.) While Arnold does use the concept of corporate hierarchy in his analysis and defense of shared intention by a corporate agent, he does not explore the role of corporate hierarchy any further and so does not connect it in any direct way with corporate agency and responsibility.

The most complete description, discussion, and use of the theme of corporate hierarchy in relation to group agency is to be found in the work of Peter French. There are numerous detailed descriptions and discussions of corporate hierarchy, perhaps because French’s group agency work is consistently focused on corporations, rather than various kinds of groups as other authors discuss. French (and co-authors) include a typical organization chart (including dotted line reporting relationships) in an appendix of Corporations in the Moral Community. In the second chapter of his book, Corporate Ethics, French describes how pervasive Weberian (that is, formal hierarchical organization in which the activities of each position are supervised by the position above it) organizations are: “Virtually every company that I asked to send me its organization

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chart produced a Weberian model.” 24 French then examines several parts of the corporate hierarchy, with descriptions and critique of Boards of Directors and Management. 25 As these examples demonstrate, French clearly recognizes the elements and importance of corporate hierarchy in corporations and in concrete corporate experience. Additionally, the theme of corporate hierarchy plays a key role in the cornerstone of French’s argument that corporations are group agents and full members of the moral community: French’s Corporate Internal Decision (CID) Structure.

As described in Chapter Two, French’s CID Structure is comprised of two elements: 1) an organizational flow chart that delineates (decision-making) levels in the corporate structure and 2) corporate decision making rules (usually known as corporate policy) that reveal how to recognize decisions that are corporate decisions and not personal or subordinate groups’ decisions. 26 French specifically draws on organization charts and descriptions of levels of leadership for actual corporations to support the theory that a corporation (as a group) can make a decision and form an intention, (whether that intention is defined as a desire or a plan). In his later work, French describes two kinds of rules that operate in the CID: organizational rules and policy or procedure rules. Organizational rules are the rules that distinguish the players, clarify

24 Peter A. French, Corporate Ethics (Fort Worth, TX: Harcourt Brace & Company, 1995), 92
25 French, Corporate Ethics, 94-117
their rank, and map out lines of responsibility in the corporation. Organizational rules are expressed in corporate hierarchical organization. Thus, French’s work explicitly utilizes corporate hierarchy as a critical component to his argument in support of corporate intentionality and, ultimately, group agency. However, the CID is not the last word on group agency for corporations, even though it does acknowledge corporate hierarchy and corporate leadership. There is much more that needs to be said beyond what French offers, and further development of the theme of corporate hierarchy in relation to group agency is a very natural way to say it. In addition, although French’s writing provides the most specific description of and use of corporate hierarchy with respect to group agency, French’s theory of corporate intentionality has been strongly criticized for anthropomorphizing corporations. Therefore, it will be useful to explore the use of corporate hierarchy with respect to group agency, which means requiring both intention and action by a corporation, in a way that will avoid or at least stand up to this critique. No such exploration is to be found in the existing literature.

As the preceding pages demonstrate, there are numerous mentions of corporate hierarchy in the philosophical literature that argues in support of groups as moral agents. But, I think it is important to point out that there are mentions of corporate hierarchy in the work of authors who argue against group agency, too. This is particularly important because the theme of corporate hierarchy plays a central role in some of these authors’ arguments against group agency and collective responsibility. So, it will be critically

27 French, Integrity, Intentions, and Corporations, 151-152
important to investigate whether corporate hierarchy could be a limiting condition on
corporate group agency. That is to say, does corporate hierarchy prevent these groups
from satisfying the necessary and sufficient conditions for group agency? If corporate
hierarchy is a limiting condition of corporate group agency, this would be in direct
opposition to my assertion that hierarchy is an important feature of corporations that is
missing from group agency literature, and it would summarily dismiss my argument that
hierarchy, leadership and culture should be more fully incorporated into our thinking
about corporations as group agents (or responsible collectives). I will turn to an analysis
of the work of three critics of the claim that corporations can be group agents in the
following pages.

In *Corporations and Morality*, Thomas Donaldson describes how organizations
become more bureaucratic as they become larger. Donaldson argues that, with
increasing bureaucracy, “determining the locus of responsibility is more difficult” and
ultimately, “the increasing bureaucracy of the corporation has threatened meaningful
corporate responsibility.” Donaldson says that impersonal rules, a focus on centralized
decision making, and increasing isolation between the hierarchical strata are fundamental
problems for corporate responsibility. He argues that large, bureaucratic corporations
cannot be treated as moral persons when the bureaucracy makes them too complex
compared to moral persons. Thus, because of his view of the impact of corporate
hierarchy on corporate decision making, Donaldson concludes that corporations cannot

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29 Donaldson, *Corporations and Morality*, 109-128
be group agents when the hierarchy grows too large and, therefore, that ultimately corporate hierarchy becomes a limiting factor of group agency.

Donaldson’s assessment of the impact of increasing bureaucracy on members of a corporation is supported by my experience of corporate life. In a large corporation, rules are impersonal, meant to apply to all consistently without regard to individual or particular circumstances. Often, one’s own circumstances develop such that a corporate rule seems unreasonable or harsh when applied in the specific case. Also, it can be very hard for individual employees to participate in decision-making, particularly because Donaldson is right: there often exists a social and professional distance between levels in a company, especially between management and workers. However, it has also been my experience in corporate life that the hierarchical description of an individual’s role and tasks in a corporation provides a clearer road map to “who did what” and correspondingly, “who is responsible for what,” than any other feature of a corporation. While it can be complicated to untangle all events, directions, and players in a large complicated hierarchical organization, as Donaldson describes, the established hierarchy actually provides a road-map for that exercise, laying out each individual in the role he or she plays for the corporation and describing the tasks required of the role. In my experience, the hierarchy can be a tool that allows an analysis of events, directions, and players so that determinations of responsibility are, indeed, possible and are, in fact, helped by corporate hierarchies, in contrast with Donaldson’s opinion.30

30 In Chapter 6, I will propose that leaders in a corporation have a responsibility to mitigate the effects of impersonalization, distance from decision making, and isolation.
The work of Seamus Miller includes many of French’s references to hierarchy, which were presented in Chapter Two and earlier in Chapter Three. Correspondingly, Miller’s rebuttals to those points reference managers and lower level employees. Miller rejects any claims for collective responsibility or group agency, arguing that the responsibility that might have been called corporate responsibility is more properly ascribed to the managers and those administrators and executives who set policy at the corporation. In Miller’s view, what hierarchy points to is precisely the individuals who should be named responsible; it does not play a role in, much less provide a reason for saying that corporations are group agents or responsible collectives.

Likewise, the work of Sheehy includes the following claim:

In large, complex groups in which many of the relations between more or less distant individuals are mediated by practices and institutions, it is frequently the case that the members do not share intentions about goals and actions in a way that connects them directly to the production of events and states for which the group is causally responsible.

Certainly, hierarchy and leadership, as I have described them, are among the ‘practices and institutions’ referred to by Sheehy that bring distant individuals into relationship in large, complicated organizations. Assuming that Sheehy would accept this claim, he would then argue that hierarchy is, as such, a reason that corporations do not and could not have collective intention (and are consequently, not agents and not collectively responsible). For Sheehy, as was the case for Donaldson and Miller, the existence of corporate hierarchy is used in an argument against group agency, not in support of it.


In general, Miller and Sheehy’s arguments against corporate group agency say that the company lacks collective intent (and therefore cannot be a group agent) because only certain members of the group make decisions, based on their position in the hierarchy. This is an important criticism to consider in relation to corporations and it could apply to many kinds of groups. For there are few groups of more than a few individuals whose intent and day to day decisions are unanimous decisions in any simple way. For most other kinds of groups, one or a small number of members ultimately make a decision, whether it is an elected team captain, an individual who steps forward with a good idea and a willingness to lead, or one of the first to form the group based on some idea of what should be done, just to name a few examples. That is, if these authors’ criticism that a group that is hierarchically structured cannot be a group agent stands, there are very few groups who would qualify as group agents because this criticism would apply to most groups. Therefore, given the body of work in the literature that supports group agency, this is a criticism that must be carefully examined.

There is another aspect of this criticism that merits consideration. The critic might focus on how leaders or decision makers are identified in corporations, i.e., the process by which leaders are created; for the process could create leaders whose decisions are very different from what the subordinates would choose. Leadership that is

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33 The published literature on group agency and collective intent has only recently begun to discuss these themes independently of hierarchical group decision structures. The focus, when doing so, is almost exclusively on small groups without much work to date to see how their conclusions might translate to larger groups. For example, see Journal of Social Philosophy (2007), XXXVIII (3) and a contribution to this work in the doctoral dissertation of Norma Velasco. Norma E. Velasco, "A Philosophic Description of Informal Decision-Making by Groups, with Special Emphasis on the Role of Shared Moral Framework" (Doctoral Dissertation, Loyola University of Chicago, 2009).
created by hierarchy could do this, i.e. is not necessarily constrained to aim at (something close to) unanimity or close cohesion of intents across the organization. The critic might note that leaders/decision makers are not elected in most companies, and the hierarchical decision system is therefore open to decisions that are different from what other levels in the organization would decide. In addition, it has been pointed out by many authors (and many a water-cooler colleague) that managers are often not even liked by their subordinates or in the general culture of our society. In *Corporate Ethics*, for example, Peter French speaks of managers, particularly senior managers, as the “culprits of choice” in popular culture, and he lists numerous well-known movies in which portray the manager as “corrupt, degenerate scoundrel.” Thus, with un-elected, disliked leaders as at least acceptable leaders in organizational hierarchies, it seems highly likely that decisions made by such managers would often not be decisions endorsed by lower ranking staff. That is, again, organizational hierarchy is arguably not designed to produce collective intent and is therefore not a reason to affirm, as French does, group agency.

However, I would suggest that a manager’s tasks include explaining reasons for decisions to lower ranking employees, particularly because all the reasons that add up to a decision are not always known in some other way at all levels of the company. Furthermore, a manager’s tasks also include listening to and responding to concerns raised by employees about decisions or lack of decisions, and the same transparency is crucial to more complex hierarchical relationships between roles in a hierarchy that contribute to corporate decisions. This is how organizational hierarchies are expected to

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34 French, *Corporate Ethics*, 104
perform. That such a system can fall short is not a reason to refuse to ask whether there is group agency when they work as intended. In the proper kind of framework, managerial decisions have the possibility of being truly decisions of all participants together, i.e., to become more truly corporate group intent. This important point, the managers’ additional leadership responsibility for connecting all the elements of corporate decisions to the larger organization will be more carefully described and connected to the theme of group agency as a key implication of corporate hierarchy in a later chapter of this work.

In summary, in the group agency and collective responsibility literature, corporate hierarchy is mentioned but usually only descriptively and in a limited way. With the exception of Peter French, whose work I have examined in some detail, most of these authors’ work is not focused narrowly on corporations but also includes lots of other kinds of groups. This may explain why hierarchy is so little discussed in the published group agency literature. I have also shown examples of scholarly literature in which the existence of corporate hierarchy is used to argue that corporations are not group agents, and I have indicated ways in which the argument that hierarchy is a limiting condition to group agency is in need of further examination.

In this chapter I have described corporate hierarchy, and I have shown that the idea of corporate hierarchy is largely absent from existing philosophical literature on group agents and collective responsibility. In the next chapter, I will examine whether
the role that corporate hierarchy plays in the lives of corporations is such that the theme should be added to the thinking about corporations as group agents.
CHAPTER FOUR
THE IMPORTANCE OF HIERARCHICAL ORGANIZATION:
A SURVEY OF THREE LITERATURES

In Chapter Three, I proposed that organizational hierarchies are the fundamental infrastructure of corporations because they define the actors involved in carrying out corporate action and thereby determine the method involved in forming corporate intent. As such, corporate hierarchies are likely to be critically important to our understanding of corporations as group agents (or not). But there is more work to be done before all of the relevant resources have been surveyed. In Chapter Three, I showed how the group agency literature has not carefully attended to hierarchy in discussion of corporations. But there are three other literatures to examine in this regard: the general business literature, the literature of business ethics, and the literature of organizational theory about corporations.

In this chapter, therefore, I will present examples from the general business literature and from business ethics writings to demonstrate that both of these frequently refer to and describe the hierarchical organization of companies but they do not delve deeply into this theme. In addition, I will describe several examples of work in the organizational theory literature to illustrate how the social science approach to corporations addresses the concept of hierarchy in corporations. The examples from organizational theory also support the thesis of the importance of hierarchy in
organizations, but, in addition, they provide insights about hierarchy directly relevant to this project that support examining as yet unmentioned aspects of hierarchies that will need to be addressed in the later chapters of this dissertation. The purpose of this chapter, then, is to support from relevant business, business ethics, and organizational theory literature the argument that the hierarchical organization of companies is an important and relevant aspect of the life of a corporation and of an individual employee’s experience of a corporation and to add to our understanding of corporate hierarchy. This literature supports my position that hierarchy should be considered and incorporated in the analysis of corporations as group agents. But, this chapter will also show that there is little to no careful philosophical analysis of corporate hierarchy within the business and business ethics literature and some important insights but no careful philosophical analysis in the organizational theory literature.

**Popular Business Literature**

In the best-seller, *Good to Great*, Jim Collins describes corporate hierarchy as a bus, and uses the bus analogy throughout his work. In Chapter 3 of *Good to Great*, Collins says that great leaders who transformed good companies into great companies “first got the right people on the bus (and the wrong people off the bus) and then figured out where to drive it.” These leaders said, in essence, “If we get the right people on the bus, the right people in the right seats, and the wrong people off the bus, then we’ll figure out how to take it someplace great.”¹ For Collins, this concept is one of the features of great companies, and while his point in his book is that building staff should take priority

over formulating strategy, his use of the bus analogy demonstrates the fundamental importance of corporate hierarchy to a company as it makes decisions and pursues company objectives. In Collins’ analogy, the company is the bus, the people on the bus are the staff of the company, and the seats they sit in represent their roles and positions in the hierarchy. The priority of getting the right people in the right seats also clearly speaks to the centrality of (well-designed) hierarchy: different responsibilities and expectations are assigned by the organization’s hierarchy to different roles (seats), including corporate leadership. Hierarchy is central to Collins’ business analysis and wide acknowledgement of the validity of his analysis supports my claim that corporate hierarchy needs to be a central concept in discussions of corporations as group agents.

Another current, widely affirmed description of corporations, The Five Dysfunctions of a Team, also illustrates the crucial role of corporate hierarchy. This fable by Patrick Lencioni describes how to create a kind of culture that enables corporate teams to flourish and succeed. The team in the story is created by means of a corporate hierarchy, although Lencioni does not specifically use this word in the story. The characters in the fable play their parts in the story because of their roles in the hierarchy of the company. At first, the characters in the fable follow their leader solely because of her position in the hierarchy. As the story progresses, they come to respect her ability as the leader to build a team that is characterized by trust, a willingness to argue and debate important issues, a commitment to each other and to team goals, a spirit of holding all team members accountable, and a clear focus on the teams results. They also come to see that teams with these attributes are very successful. This very popular business fable is built on the infrastructure of corporate hierarchy and corporate culture, which shape the
corporation’s decisions and in the course of the fable ultimately reshape how corporate leadership itself (i.e., the corporate hierarchy) functions. It is also important to point out that the focus of Lencioni’s fable on teams and teamwork is further evidence that corporate hierarchy is more than simple vertical reporting relationships because the teams Lencioni is addressing are created by complex, hierarchical relationships. This complex conception of hierarchy will be discussed further in this chapter. Hierarchy is foundationally embedded in Lencioni’s story, and again the widespread acknowledgement of its accuracy in depicting corporate life supports my working description of corporate hierarchy in this project and my assessment of the importance of hierarchy in corporations.

Tom Morris’s book, *If Aristotle Ran General Motors*, quickly became one of the most influential and talked about business books when it was published in 1997. The title itself speaks of corporate hierarchy, proposing Aristotle running GM. That is to say, Morris wants to talk about Aristotle serving in a corporate leadership position in the GM’s hierarchy. In the book, Morris seeks to “reinvent corporate spirit” using the wisdom of philosophy. He describes Truth, Beauty, Goodness and Unity in the setting of corporate America, informing corporations’ current challenges with the teachings of ancient philosophy. Morris writes for readers at all levels of the hierarchy, managers at upper levels and employees in the lower-ranks of the hierarchy, illustrating hierarchy by how he addresses several audiences in terms of their respective roles. Morris writes,

One of the things executives, managers, or supervisors, should always have in mind the ongoing need to help people around them have this deeper view of their jobs individually as well as of what the organization as a whole is doing in the
world. And, of course, managers and executives won’t be able to impart this unless they themselves feel it first.²

To lower ranking employees, Morris gives the following encouragement:

Too many people in our companies do not see the big picture of what they do day-to-day. They do not have the opportunity to really perceive the potential magnitude of their contributions for the greater good of others. I hate to hear someone describing their job by saying something like “I’m just a truck driver,” “I’m just a secretary,” “I’m just a salesman,” or “I’m just a housewife.” I love to hear a remark like, “I drive for APA Trucking. We keep American in business,” or “I’m a salesman. I put people together with products that improve their lives,” or “I’m raising three wonderful children, or, to put it more accurately, two youngsters and a growing husband.” There is no job productive of any good, whether product or service, that does not merit a noble description.³

Morris is saying that every component of the corporate hierarchy has a crucial role to play and the corporation cannot function effectively otherwise.

Leadership Is an Art, by Max DePree, was published in 1989 and similarly remains a widely consulted guide among corporate executives. In fact, the book was introduced to me during the preparation of this dissertation by an executive at my company during a management training session. In the book, DePree passionately and thoughtfully describes his life and work experience leading the very successful and highly regarded Herman Miller furniture company. DePree defines the art of leadership in a way that presupposes corporate hierarchy. Leadership, he writes, is “liberating people to do what is required of them in the most effective and humane way possible.”⁴

Throughout the book, there are numerous references to corporate organization and


³ Morris, If Aristotle Ran General Motors: The New Soul of Business, 203

⁴ Max De Pree, Leadership is an Art (New York, NY: Dell Publishing, 1989), 1
corporate hierarchy. In a chapter entitled “Participative Premises”, for example,

DePree is discussing the need to respect people. He writes,

This begins with an understanding of the diversity of their gifts. Understanding
the diversity of these gifts enables us to begin taking the crucial step of trusting
each other. It also enables us to think in a new way about the strengths of others.
Everyone comes with certain gifts – but not the same gifts. True participation and
enlightened leadership allow these gifts to be expressed in different ways and at
different times. For the CEO to vote on the kind of drill press to buy would be
foolish. For the drill press operator (who should be voting on the kind of tool to
use) to vote on whether to declare a stock split would be equally foolish.\(^5\)

DePree’s text illustrates the differences in role and relationships that are created by
corporate organization and hierarchy, and reinforces Collins’ point about getting the right
people in the right seats on the bus. But more importantly for our purposes, it points out
the importance of each of the roles in the hierarchy being performed well. All companies
need the right tools to be bought and equally and the right executive-level financial
decisions to be made in order to be successful.

Later in the book, DePree explains two kinds of leaders are needed in most
organizations. He calls these “hierarchical leaders” and “roving leaders,” the latter
meaning subordinates (in the official hierarchy) who take charge in challenging
situations, responding swiftly and effectively and then moving on to the next challenge.\(^6\)

This description presupposes corporate hierarchy in two ways. First and most obvious,
the official leadership synthesizes the whole and subordinate leaders manage their
locations within the hierarchy. But special challenges call for special skills, especially
creativity and flexibility to transcend the official lines of responsibility (and an overly
simplified vertical understanding of corporate hierarchy), but at the same time the

\(^5\) De Pree, *Leadership is an Art*, 25-26

\(^6\) De Pree, *Leadership is an Art*, 48, 49
contributions of “roving leaders” would wreck havoc on the organization if the official, vertical reporting line hierarchical structure were not stably in place. The very effectiveness of “roving leaders” and the confidence of official leaders (senior and subordinate) to use them depend on the presence and effectiveness of the official vertical reporting line hierarchical structure in every successful corporation. Organizational structures, DePree says, are the “road maps that help us work together,” that is, official leaders and roving leaders together.7

Finally, near the end of the book, DePree notes that “Hierarchy provides connections.”8 DePree’s descriptions further highlight this important aspect of corporate hierarchy: the relationships created by the hierarchy. Taken together, these references in DePree’s famous business leadership book are further examples from the general business literature of the importance of corporate organization by means of hierarchy.

To take one final example from the popular business literature, in The One Minute Manager, another #1 best-selling book, the idea of corporate hierarchy is apparently dismissed by the One Minute Manager. The book begins with a young man having a discussion about the process of One Minute Management (characterized by One Minute Goals, One Minute Praisings and One Minute Reprimands) with the highly regarded and highly successful One Minute Manager. Near the end of their conversations, the One Minute Manager asks the young man if he would like to work at the company. The young man, in amazement and with enthusiasm, asks, “You mean go to work for you?” The One Minute Manager replies, “Nobody ever really works for anybody else. I just

7 De Pree, Leadership is an Art, 55
8 De Pree, Leadership is an Art, 145
help people work better and in the process, they benefit the organization.”\textsuperscript{9} Although this first part of the story acknowledges the existence of corporate hierarchy, it seems to diminish the importance of corporate hierarchy, even dismiss it as irrelevant. However, in the last chapter of the book which describes the young man many years later, the authors say that “Many of the people reporting to him had become One Minute Managers themselves. And they, in turn, had done the same for many of the people who reported to them.”\textsuperscript{10} So, despite the apparent dismissal of reporting relationships and hierarchy and the emphasis on the importance of individual contributions to the organization, the hierarchical relationships were in fact in place and were important to the development of more successful One Minute Managers. That is, even this popular work’s focus on the importance of every individual’s contribution to a corporation’s success cannot argue its point without acknowledging the foundational importance of hierarchy to corporations and their successful pursuit of their business objectives.

Taken together, these examples from popular business literature and especially their widespread acceptance as representative in the business world demonstrate that the concept of organizational hierarchy is a real and relevant feature of corporations. Hierarchy appears in both implicit and explicit roles in popular business literature, although usually presumed and employed without definition or careful philosophical analysis. Furthermore, in these popular business books, hierarchy plays an important role in each of their authors’ efforts to improve the functioning of corporations, often via an

\textsuperscript{9} Kenneth Blanchard and Spencer Johnson, \textit{The One Minute Manager: The Quickest Way to Increase Your Own Prosperity} (New York, NY: Berkley Books, 1982), 98

\textsuperscript{10} Blanchard and Johnson, \textit{The One Minute Manager: The Quickest Way to Increase Your Own Prosperity}, 103, emphasis added.
effort to *improve* corporate leadership, meaning leadership in relationships beyond the narrowly vertical hierarchical reporting relationships. That is, hierarchy is not simply a description of corporate life. It is a central component of the “engine” that produces corporate actions and therefore requires further investigation in any study of the question of corporations as group agents.

**Business Ethics Literature**

In addition to the general business literature, there is a growing public and professional interest in the field of business ethics, that is, the cross-disciplinary field of the study of ethical (or moral) issues that occur in a business environment. While these are often questions of right vs. wrong or good vs. bad with respect to specific types of actions or leaders, for example, business ethics also necessarily focuses on broader questions of ‘what is right or good?’ Much business ethics literature is centered on the application of philosophical reflection to business ethics questions. But more recently, multi-disciplinary approaches, that include the fields of law and social science, for example, are being advanced to more broadly address emerging and complicated issues in business ethics. Recent media coverage of corporate scandals has also provided examples of current business ethics concerns to a wider audience. These include accounting irregularities (e.g. Enron, Arthur Andersen, WorldCom), insider trading (e.g. Imclone, Galleon Group), corporate corruption (e.g. Tyco), working conditions for laborers (e.g. Nike, Kathie Lee Gifford's Wal-Mart label) and questions about appropriate marketing practices (e.g. advertising tobacco products, promotion of infant formula in the developing world).
In a proactive approach to business ethics (and often in response to scandals such as those named above), many companies have established compliance and ethics programs and named ethics officers. Within these programs, company resources are dedicated to setting ethical standards for the company and its employees. Such ethical standards are commonly manifested in written codes of conduct and in employee training programs although such codes of conduct and training programs often also include the legal requirements a business is required to follow, the environmental impact of a business, and a company’s philanthropic efforts. These policies and programs, like modern academic business ethics, are focused on both identifying and prohibiting activities and practices that are unethical and on promotion of activities and practices in support of corporate social responsibility and praise-worthy business practices.

Within the business ethics literature, the concept of corporate hierarchy is present in some measure. In a very simple way, a quick review of the table of contents of a few business ethics books and a journal illustrates this point. Thomas Donaldson’s classic Corporations & Morality, examined earlier, includes chapters on ethical issues in corporate bureaucracy (of which corporate hierarchy is a component, Donaldson writes) and on employee rights. 11 Obviously, any question of employee rights implies a differentiation between employees and others in the corporation, and this separation is created by corporate hierarchy. Three of the seven chapters in French, Nesteruk, and Risser’s book, Corporations in the Moral Community, are focused on management, employees, and directors, i.e., roles and levels within a corporation that are created by a

corporate hierarchy. Likewise, the sixth edition of John R. Boatright’s *Ethics and the Conduct of Business* contains a chapter on employment rights and a chapter on corporate governance and accountability, topics that presuppose different hierarchical levels within companies. As a final example, the table of contents of the Fall 2009 issue of *Business Ethics Quarterly* (The Journal of the Society for Business Ethics) illustrates that business ethics addresses questions at multiple levels within corporate hierarchies and so presupposes the importance of hierarchy in the life, including the ethical life of a corporation. It cites articles about CEOs and managerial moral responsibility and a book review of *Managing for Stakeholders: Survival, Reputation, Success* by R. Edward Freeman, Jeffrey S. Harrison, and Andrew C. Wicks. These articles presuppose a difference in roles between CEOs and other managers and other company employees, and these differences are created by hierarchy. Simply from looking at only the titles of the articles, it is clear that concept of corporate hierarchy is well understood in the literature of business ethics.

And looking past the table of contents, the work of these business ethics authors further demonstrates the importance of the concept of corporate hierarchy. One of the most important and well-known theories of business ethics is stakeholder theory. “Stakeholder theory is a theory of organizational management and ethics.”

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12 Peter A. French et al., *Corporations in the Moral Community* (Fort Worth, TX: Harcourt Brace Jovanovich College Publishers, 1992)


14 Journal of Social Philosophy (2007), XXXVIII (3)

15 Robert Phillips, R. Edward Freeman, and Andrew C. Wicks, "What Stakeholder Theory is Not," *Business Ethics Quarterly* 13, no. 4 (O, 2003), 480
theory requires a decision-maker (or decision-making group) to consider all parties who have a ‘stake’ in a business decision or its consequences, in contrast with stockholder theories of business, which focus only on stock holders (meaning those holding equity or financial interest in a company).

Managing for stakeholders involves attention to more than simply maximizing shareholder wealth. Attention to the interests and well-being of those who can assist or hinder the achievement of the organization’s objectives is the central admonition of the theory.16

Among such stakeholder groups are employees, suppliers, customers, creditors, competitors, governments, and communities.17 Specifically categorizing employees as stakeholders acknowledges their differentiation from corporate leadership, which in turn is the result of corporate hierarchy. Some critics of stakeholder theory have argued, for example, that stakeholder theory provides ‘unscrupulous managers’ with an easy excuse to act to promote their own interest by claiming the decision benefits some other stakeholder group. In reply, defenders of stakeholder theory argue that the number of different stakeholder interests that must be answered in support of the exercise of stakeholder theory help to increase managerial accountability, as opposed to decreasing it.18 As you can see, corporate hierarchy is presupposed in stakeholder theory (including its criticisms and its defenses), as it is in the business ethics literature generally, another indication of the importance of corporate hierarchy in any careful analysis of corporations.

16 Phillips, Freeman, and Wicks, *What Stakeholder Theory is Not*, 481


18 Phillips, Freeman, and Wicks, *What Stakeholder Theory is Not*, 484
In fact, stakeholder theory is probably the most commonly espoused and practiced theory of business ethics, and its widespread use and discussion merits a brief discussion here. In a paper documenting the 2007 national meeting of the Academy of Management, it was reported that in a random sample of one-hundred Fortune 500 companies, sixty-four companies reported efforts to “maximize the well-being of all stakeholders” and two other companies stated the objective of solving “social problems while making a fair profit.”\textsuperscript{19} Greater application of stakeholder theory in the business world has also stimulated extensive discussion and debate in the academic world, creating further development, expansion and refinement of stakeholder theory in the years since R. Edward Freeman’s 1984 publication of the book Strategic Management: A Stakeholder Approach. The paper referenced earlier in this paragraph cites thirty seven scholarly papers published since 1999 that have made superior contributions to the shareholder/stockholder debate or have argued/presented evidence that stakeholder theory benefits stockholders or have raised important new questions that will further the development of stakeholder theory.\textsuperscript{20} These data show that both practically and academically, stakeholder theory is important. But, stakeholder theory presupposes, as has been shown, the differentiation of roles of the people who participate in a company achieving its objectives, and these roles are produced by corporate hierarchy.

It is important to note, however, that none of the business ethics literature surveyed to this point includes any effort at careful philosophical analysis of the centrally important concept of corporate hierarchy. The possible impact of this fact that corporate


\textsuperscript{20} Agle et al., \textit{Dialogue: Toward Superior Stakeholder Theory}, 154-158
decision making is hierarchical in structure on the ethical discussions carried out in this literature is not something carefully examined, except in the work done by some ethicists on the topic of group agency which was examined earlier in Chapters Two and Three.

Moving to other important work in the field of business ethics, *Ethical Issues in Business, a Philosophical Approach,* is a collection of business ethics essays by Donaldson and Werhane, and it is one of the most widely used business ethics textbooks. It is organized according to philosophical ethical concepts such as relativism, egoism, and justice. Two essays in the collection provide useful examples of how corporate hierarchy is embedded in business ethics thinking. Clarence Walton’s essay, “Developing the Corporate Ethic,” evaluates several philosophical views of management’s responsibility to a company’s employees. In what Walton calls a representationalist ethic, management is expected to get the best outcome for the employees they represent. In a stewardship ethic, managers have an obligation to guard, preserve and enhance the value of the company for all who are touched by it. But, no matter which of these approaches is adopted by a company’s management, Walton is clear that forming a corporate philosophy and articulating it clearly are the responsibility of senior management and are essential in establishing a company’s moral tone. Then, later in the essay, Walton specifically addresses the board, who Walton asserts is specifically responsible for company policy (in contrast to managers who are responsible for company performance).21 That is, Walton also presupposes different responsibilities for the board, a company’s managers and a company’s employees implicitly acknowledging the

existence and importance of the corporate hierarchy. But his essay leaves the acknowledgment implicit rather than offering a careful account of it.

An excerpt of the work of Karl Marx, entitled “Alienated Labor,” is found in Donaldson and Werhane’s Ethical Issues in Business that also points to the ranking of people who work in a company. Marx argues famously that workers are alienated from the product of their labor because it is external to them, and workers are alienated from the act of production that is their labor because these acts do not belong to them, the workers. Marx concludes that the “alien” to whom this labor and the product belong is ultimately another man, the capitalist or “lord of labor” who does not work and is outside the work process. Once again, the alienated laborer’s relationship to the capitalist is determined by hierarchy. Marx’s argument that the relationship to the capitalist has as its consequence the alienating of the laborer serves as a foundation for philosophical arguments in support of ethical treatment of workers and just distribution of a company’s profit. But like the contemporary authors already mentioned, Marx’s analysis offers no philosophical discussion of corporate hierarchy itself.

In the sixth edition of Case Studies in Business Ethics, Al Gini and Alexei Marcoux provide two essays focused on whistleblowing, a topic of increasing public interest. For these two essays, whistleblowing can be described as the act of a member of a company publicly disclosing company information that would ordinarily not be publicly known and doing so with the intention of preventing some bad outcome that would otherwise occur. Questions of loyalty to company are commonly asked in whistleblowing cases, since the company entrusted the information to the employee, in

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22 Marx, Karl “Alienated Labor” in Donaldson and Werhane, Ethical Issues in Business: A Philosophical Approach, 211-214
accord with his or her role in the hierarchy, which typically includes the restriction that
the information not be publicly available. Questions of the ethical justification of
whistleblowing are addressed in an article by Michael Davis who presents what he refers
to as the standard theory for whistleblowing, based on the prior work of Richard
deGeorge and Norman Bowie.

Davis writes that the disloyalty of whistleblowing is morally permissible when
i) the organization would do serious and considerable harm to the public, ii) the whistle-
blower has identified the cause of the harm, reported it to an immediate supervisor with a
clear statement of the threat and the whistleblower’s objection to it, and subsequently
concluded on the best available evidence that the supervisor will do nothing effective,
and iii) the whistleblower has exhausted all other internal procedures within the
organization (for example, going as far up the organizational ladder as is allowed).
Whistleblowing, Davis writes, is morally required when, in addition to the three points
above, iv) the whistleblower has evidence that would support the assessment of the threat
of harm to an impartial observer, and v) the whistleblower has good reason to believe that
revealing the threat will prevent the harm with reasonable cost (all things considered)
where cost is understood in broader than monetary terms.23 There again, corporate
hierarchy plays a critical role in a whistleblower’s deliberation of the moral permissibility
of blowing the whistle, because the whistleblower’s action prior to disclosing any
information must involve reporting to the immediate supervisor and consideration of
moving the issue up the corporate ladder or hierarchy. These explicit references to
corporate hierarchy in discussions of whistleblowing further demonstrate the importance

23 Al Gini and Alexei M. Marcoux, eds., Case Studies in Business Ethics, Sixth edition ed. (Upper Saddle
River, NJ: Pearson Prentice Hall, 2009), 47-48
of corporate hierarchy in the life of corporations and therefore in important business ethics issues. But again, the topic of hierarchy, though explicitly mentioned by Davis is not itself carefully examined.

As a final example from the business ethics literature, I will review a paper that reports the results of in-depth interviews with thirty graduates from the Harvard MBA program, published in 1995. The authors criticize the existing literature for commonly taking the viewpoint of senior executives or less frequently that of middle management. The authors suggest that there are few in-depth examinations of how young managers define, think about, and resolve ethical issues. The interviews with this group of MBA graduates revealed many cases where young managers were directed to or felt significant organizational pressure to do “things they believed were sleazy, unethical or sometimes illegal.” Examples of the situations encountered by the young managers interviewed included a boss directing an employee to fabricate data to support a new product launch, a boss telling an employee to change rate of return calculations to support corporate investment, and bosses encouraging staff to fill out time cards inaccurately. Other examples included sexual harassment of female young managers by people in senior management and subsequent expectations to participate in cover-ups of the harassment incidents. The interviews also revealed that the young managers found company ethics programs, codes of conduct or mission statements to be of little help in resolving important ethical dilemmas such as those described above.24 The results of these interviews and the authors’ analysis in this paper clearly point to a connection between the levels of power distributed by a corporation’s hierarchy and the ethical problems

faced by middle and lower level managers, demonstrating again that hierarchy has real impact on important matters in business ethics. In fact, the power of a boss over an employee can create many ethically challenging situations, and not only in cases when the direction from a boss is immoral or illegal, as in these examples. Furthermore, the authors’ comments raise important questions about how business ethics is thought about, suggesting that the focus of existing business ethics work on executive and upper management level issues and decisions does not equip lower level managers and employees with what is needed to define, think about and resolve ethical issues that frequently appear in the course of one’s professional life. For all of these reasons, this paper “Business Ethics: A View from the Trenches” is further evidence that hierarchy is a relevant and important feature of companies from the perspective of business ethics but hierarchy is not receiving the careful attention its importance suggests.

This survey has shown that some of the most important and influential discussion in business ethics presupposes the importance of hierarchy in corporate life. There are multiple explicit examples of references to the role and authority of senior leaders, supervisors and managers in the business ethics literature surveyed here but no explicit analysis of hierarchy itself, either as part of the analysis of ethical issues or in relation to the issue of corporations as group agents. But, once again, specific examination of hierarchy as a key component of the ethical study of business decisions is not present.

The next section will examine another body of literature, organizational theory, where some social science analysis of hierarchy is available, and the analysis provides some useful insights about corporate hierarchy for this project of explicitly connecting the fact of corporate hierarchy to the question of corporations as group agents.
Organizational Theory Literature\textsuperscript{25}

Organizational theory is the systematic empirical study of organizations, typically employing the methods and tools of the social sciences. Many publications on organizational theory begin by reminding us that “organizations are all around us.” Indeed, “organizations are a prominent, if not the dominant, characteristic of modern societies.”\textsuperscript{26} Another important organizational theory author writes,

Our society is an organizational society. We are born in organizations, educated by organizations, and most of us spend much of our lives working for organizations. We spend much of our leisure time paying, playing and praying in organizations. Most of us will die in an organization, and when the time comes for burial, the largest organization of all – the state – must grant official permission.\textsuperscript{27}

This very common human experience of organizations often means that the organization and our experience of them become somewhat invisible to us. W. Richard Scott writes, “Because of their ubiquity, however, they fade into the background, and we need to be reminded of their impact.”\textsuperscript{28} This is the work of organizational theory.

To set a foundation for this section, organizational theory defines organizations as social units or structures devoted primarily to the collaborative pursuit and attainment of

\textsuperscript{25}It is interesting to note that within the organization theory literature in the field of sociology, some authors routinely treat organizations as group agents. For example, “Organizations must also be viewed as actors in their own right, as corporate persons… They can take actions, utilize resources, enter into contracts and own property.” W. Richard Scott, \textit{Organizations: Rational, Natural, and Open Systems}, Second Edition ed. (Englewood Cliffs, NJ: Prentice-Hall, 1987), 6. But the organizational theory literature itself does not include careful philosophical analysis of the concepts of group agency or its employment in the field’s social scientific analysis of corporations and corporate life.

\textsuperscript{26}Scott, \textit{Organizations: Rational, Natural, and Open Systems}, 3

\textsuperscript{27}Amitai Etzioni, \textit{Modern Organizations} (Englewood Cliffs, NJ: Prentice-Hall, 1964), 1

\textsuperscript{28}Scott, \textit{Organizations: Rational, Natural, and Open Systems}, s3
specific goals.\textsuperscript{29} Hartman writes that, “an organization is a purposeful system; its ends unite it.”\textsuperscript{30} In general, the work of organizational theorists is broadly focused, so organizations studied include businesses, government, health care, churches, military, universities, unions, and many others. Although work in organizational theory covers a wide variety of organizations, a good deal of work in the field of organizational theory has been done for the purpose of analyzing corporations, making it very relevant for my work here.

Within the organizational theory literature, the concept of corporate hierarchy is not only explicitly identified but also explicitly noted to be important. The organizational theory literature also provides useful conceptual content about organizations and corporate hierarchy for my project. Therefore, this next section of Chapter Four will examine three examples of work in organizational theory with respect to the concept of organizational hierarchy.

The stated purpose of Amitai Etzioni’s \textit{A Comparative Analysis of Complex Organizations} is to build on prior literature comprised largely of individual case studies and general or abstract organization theory by conducting a systematic comparative analysis of the differences among a variety of types of organizations. The focus of his comparative analysis is on compliance in organizations, which he defines as a relationship between the power of superiors to control subordinates and the orientation, motivation or commitment of subordinates in response to this power. This is essentially


what I have been calling the simple, vertical reporting line structure of hierarchy.

Etzioni’s analysis divides compliance into structural and motivational aspects. 31 In order to better understand his analysis, it is important to consider two foundational definitions that Etzioni employs. “Power is as an actor’s ability to induce or influence another actor to carry out his directives or any other norms he supports.” 32

*Power positions* are positions whose incumbents regularly have access to means of power. Statements about power positions imply a particular group (or groups) who are subject to this power. For instance, to state that prison guards have a power position implies the subordination of inmates. 33

In his comparative analysis project, Etzioni focuses on “lower participants” because control of lower employees is the most problematic from the perspective of reward and penalty which is how he (like many social scientists) interprets the facts of motivation and power. This is the case, Etzioni says, because “the lower an actor is in the organizational hierarchy, the fewer rewards he obtains.” In addition, senior organizational activities are less meaningful to lower participants because the latter are less “in the know” and they can see only segments of the organization. 34 Obviously, corporate hierarchy is at play in all of the elements of Etzioni’s work described above. His conception of a power position relies on hierarchical differences between managers and subordinates. His focus on “lower participants” also requires a distinction among organizational participants that is the result of an existing organizational hierarchy and his commentary on lower actors’ reduced participation in the rewards of an organization

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31 Etzioni, *A Comparative Analysis of Complex Organizations*, xv

32 Etzioni, *A Comparative Analysis of Complex Organizations*, 4

33 Etzioni, *A Comparative Analysis of Complex Organizations*, 5

34 Etzioni, *A Comparative Analysis of Complex Organizations*, 16, 22
and only partial view of the organization from their “lower positions” also is based on the structures and operations of corporate hierarchy. So, hierarchy is fundamental to the work done by Etzioni, as one example of its role in the study of corporations in organizational theory. But, his analysis focuses only on what I have called simple, vertical aspects of corporate hierarchy, and his analysis does not discuss questions of moral agency or responsibility.

W. Richard Scott explicitly identifies and examines hierarchy as a source of structural complexity that develops in organizations in the second edition of Organizations: Rational, Natural, and Open Systems. The discussion of hierarchy is an element of a chapter that advances his thesis that organizations tend to move toward higher levels of complexity, whether by evolution or by learning. The structural features of organizations that are of most interest to Scott are those that define the division of labor and those relating to coordination or control of work.35 Hierarchy, Scott says, is not just a ranking system (i.e., degrees of responsibility); it is also importantly an instrument for grouping tasks and thus connecting them. He quotes the work of James D. Thompson,

…it is unfortunate that [hierarchy] has come to stand almost exclusively for degrees of highness or lowness, for this tends to hide the basic significance of hierarchy for complex organizations. Each level is not simply higher than the one below, but is a more inclusive clustering, or combination of interdependent groups, to handle those aspects of coordination which are beyond the scope of any of its components.36

35 Scott, Organizations: Rational, Natural, and Open Systems, 210

For example, the work of two departments could be coordinated by a common supervisor.\textsuperscript{37} This example of explicit description of hierarchy and its roles in organizational theory literature obviously supports the thesis that this concept is important in our understanding of organizations, including corporations. In addition, as noted, Scott’s description broadens our thinking about the relationships in hierarchies, which are commonly thought of only in terms of high and low, to include their function in grouping or coordinating different activities and different spheres of activity within the corporation.

In the next chapter of his book, Scott advances another interesting point via a definition of formalization. Scott defines formalization as the “extent to which roles and relationships are specified independently of personal characteristics of the occupants of the positions.” Formalization, he writes, includes job definitions, procedures, and authority structure.\textsuperscript{38} Here is another element of corporate life that depends on an organizational hierarchy since it is the hierarchy that provides job definition and authority structures, and many of the procedures relate to relations between roles within the hierarchy. (That is, while there can be formalization without hierarchy, that is not how formalization is achieved in a complex corporation.) This insight of Scott’s also suggests another area for evaluation in my project: to what extent is hierarchy in a particular corporation impersonal or disconnected from the people who work in the roles established in the hierarchy, and does this variable impact the proper attribution of group agency to a corporation? In summary, then, the concept of organizational hierarchy is

\textsuperscript{37} Scott, \textit{Organizations: Rational, Natural, and Open Systems}, 216

\textsuperscript{38} Scott, \textit{Organizations: Rational, Natural, and Open Systems}, 243-244
explicitly and actively developed in the work of Scott, providing a second instance of
this focus within the organizational theory literature, and Scott explicitly calls attention to
the fact that effective hierarchies are not only sets of simple, vertical relationships, but
include more complex “grouping” and “coordinating” relationships that can be created by
corporate hierarchy.

A third example of hierarchy’s role in the analysis of complex organizations can
be found in Douglas McGregor’s famous and impactful work, The Human Side of
Enterprise. Like the prior example, it offers valuable insights on the subject of hierarchy
in my project. McGregor’s organizational theory is a theory and analysis specifically of
management, so it presupposes the presence of hierarchy whereby the role of manager is
created. McGregor identifies two approaches to management, which he terms Theory X
and Theory Y. Theory X is built on the assumptions that average human beings
inherently dislike work and will avoid it if possible. On this theory, most people must be
coerced, controlled, directed, or threatened with punishment to get them to put forth
adequate effort to achieving organizational objectives. In addition, according to Theory
X, the average human being wishes to avoid responsibility and has relatively little
ambition.39

Theory Y, in contrast, rests on the fundamental belief that the physical and mental
effort of work is natural for human beings. Theory Y believers think that human beings
will commit to organizational objectives and this will motivate their working toward
these goals. Rewards for achieving organizational goals will increase the level of
commitment and motivation in Theory Y and, further, people can learn to accept and seek

McGraw-Hill, 1985), 33-34
responsibility under the right conditions. Finally, Theory Y assumes that the capacity to solve organizational problems via imagination and creativity is widely distributed in our population, and a lot human intellectual potential is not fully utilized.40

As you can imagine, a manager’s actions and approach would differ dramatically depending on the manager’s adoption of Theory X or Theory Y. In addition, the beliefs in each theory fundamentally impact the manager/subordinate relationship and the cross-hierarchical relationships of all participants in the organization. McGregor addresses the impact of the organization on relationships in two chapters that describe what he calls staff-line relationships.41 Staff-line relationships exist interdependently between the line management (the central vertical chain of command for the organization’s operations to achieve its objectives) and staff (who provide advice and service in support of these organizational efforts via a different kind of hierarchical relationships).42 For example, a company’s legal department (staff) may provide advice on applicable regulations to the sales department (line), which ultimately achieves the company objective of selling the product. Or, a company’s human resources department (staff) may provide hiring help to the production division (line). McGregor’s purpose for working with examples like these is to further unpack issues of authority and responsibility, particularly to draw attention to instances of authority of staff over line that is in direct conflict with the vertical authority structure created by the organizational hierarchy. For example, “A clerk in accounting may disallow an expense item in the budget of a general manager; a proposed salary

40 McGregor, *The Human Side of Enterprise*, 47-48

41 Etzioni also provides a similar discussion of staff-line relationships and the complexity these kinds of relationships add to organizations. See Etzioni, *Modern organizations*. Englewood Cliffs, NJ: Prentice-Hall, 1964, 80-81

42 McGregor, *The Human Side of Enterprise*, 145
increase by a plant superintendent may require approval by a clerk in the personnel department. Through such empirical work, McGregor shows the complexity of authority, advisory, and many other relationships within in a hierarchy of roles and thus among individual participants in the hierarchy. Examination of complex relationships like these may be useful in further steps of my project and the fact that they exist and are crucial to effective corporate functioning cannot be overlooked in my analysis of the evidence for group agency in corporations.

McGregor’s work is another clear example of the organizational theory literature’s use of the concept of hierarchy as central to our understanding of corporations. Like Scott’s work, it supports the claim offered at various points previously, that the relationships of corporate hierarchy cannot be reduced to simple vertical relationships only.

Taken together then, the examples of organizational theory from Etzioni, Scott and McGregor further support my thesis of the importance of organizational hierarchy in the life of corporations. But it is important to add that even very sophisticated organizational theorists like Etzioni, Scott and McGregor do not connect their work to the theme of group agency or collective responsibility in any explicit way. That is, the surveys of both earlier and more recent group agency and collective responsibility literature, together with general business literature, business ethics literature, and organizational theory literature surveyed in this chapter, suggest that my project may represent the first steps of thinking about the philosophical work that needs to be done in these areas.

43 McGregor, *The Human Side of Enterprise*, 146
The insights and examples of organizational theory literature also catalyze additional thinking about the concept and complexity of organizational hierarchy for the work that is forthcoming in the remaining chapters of my project. For example, it is now clear that relationships between members of a hierarchy are not simply vertical. There are both cross relations (e.g. staff-line relationships and inverted staff-line relationships) and complicated coordination relationships (e.g. clustering of interdependent groups) that must be considered. Additionally, the distinction between the hierarchical role and the person in the role, emphasized in Scott’s concept of formalization, merits additional philosophical reflection. These issues, and more, will be developed in the following chapters.
CHAPTER FIVE
INTEGRATING HIERARCHY WITH GROUP AGENCY
AND COLLECTIVE RESPONSIBILITY

In Chapter Two, I described the starting point for this project: the claim by a number of philosophers that corporations are properly described as group agents because corporations a) make voluntary choices and have intentions and b) act on these choices and intentions to carry out the chosen actions. That is, the agency of a corporation is similar enough to voluntary choice and voluntary action by individuals to support their description as unitary agents, even though corporations are groups. I also indicated that, for these philosophers, the group agency of a corporation does not remove individual responsibility for actions chosen or carried out by individual members of the group, although it arguably renders attributions of responsibility within corporations much more complex. Then, in Chapter Three, I explained the concept of corporate hierarchy and showed that the concept of corporate hierarchy was to be found only in a limited, descriptive way within the literature on group agency and collective responsibility. Where it is present at all, it is not given any careful philosophical attention as an important component of corporate life and activity. In Chapter 4, I explored the concept of corporate hierarchy as it appears in three other important literatures, namely in a number of best-selling business books, in business ethics, and in organizational theory,
concluding that hierarchy is important enough to an adequate understanding of corporations that it merits consideration in a discussion of corporations as group agents.

In this chapter, I will endeavor to integrate the concept of corporate hierarchy into the theories of corporate group agency and collective responsibility, and I will make an effort to show, by way of examples, that the resulting account of group agency and collective responsibility can contribute significantly to practical reflection on concrete challenges faced by corporations and by those who work in them. The work of integrating corporate hierarchy into the ideas of group agency and collective responsibility will be organized into two main themes. First, corporate hierarchy can play a useful role in more carefully and concretely explaining the mechanism by which corporations form intentions, make voluntary choices, and carry out corporate actions. The group agency literature begins to consider these matters, but the addition of the concept of corporate hierarchy, I will argue, leads to better explanations. Second, proper consideration of corporate hierarchy can provide a way to understand collective responsibility so that the role of individual responsibility is not removed (in response to critics of group agency who doubt this) and is framed more clearly in its relationship to the shared, i.e., corporate, responsibility. That is to say, explanations of responsibility that include the concept of corporate hierarchy can help us better describe who is individually responsible (and why) in the setting of corporate group agency and collective responsibility.

With respect to each of these themes, two aspects of corporate hierarchy are important. First, corporate hierarchy provides a way to talk about specifically who makes up a company, in that individual people’s names are assigned to specific roles within the
corporate hierarchy. This is important because references to large corporations often become impersonal. It is difficult to know who, specifically, we are talking about when we say “Apple” or “Johnson & Johnson” or “Fed-Ex.” Corporate hierarchy, documented in organization charts with individual people’s names on them (or at least individual roles in a company if a person’s name is not provided), can help avoid de-personalizing the company because individual people (or, at a minimum, specific roles) are clearly identified. Second, a corporate hierarchy describes how the individual people (and roles) that make up the company are organized and related to each other, in particular with regard to decision making. With respect to the organization and relation of roles in the company, it is important to recall that references to corporate hierarchy in my project refer to more relationships and more complex relationships than simple vertical reporting structures that are often depicted on an organizational chart, including, for example, so-called “dotted-line” reporting relationships, “staff-line” relationships, and coordinating relationships, which have each been mentioned in earlier chapters.

These organizational relationships are important determinants of how group intent is to be formed and how group action is to be carried out in particular decision situations, and the organizational relationships also play a key role in determining what kind of decision making process is to be followed in a general sense. For example, perhaps a single leader will make the final decisions or perhaps something more complicated will be employed. Perhaps the decisions will be made following vigorous, even passionate debate among those involved in the decision making process. Or perhaps the decision maker will merely review a series of reports prepared by staff or stakeholders and make a decision with little explanation. Perhaps the decision-making process will include time
and effort to build consensus or perhaps consensus in general terms and in particular decisions is not structurally supported as a goal. Perhaps specific feedback mechanisms are created for certain types of decisions or more generally, or perhaps outcomes are assessed simply through ordinary reporting systems. Each of these features is determined by the roles and the relationships that are established via the corporate hierarchy.

In this chapter, I will also try to add clarity to these themes through concrete examples. Although much of this paper examines corporate hierarchy in the abstract, it is also important to look at the specific hierarchy in place at the specific company. I will argue, via these examples, that one of the benefits that considering corporate hierarchy brings to the perspective of corporations as group agents is the clarity it contributes to reflection on corporate actions by means of much greater specificity regarding who is involved and how (in structure and in relationships) these parties form intent, make choices, and carry out the chosen actions.

Theme One:
Using Corporate Hierarchy to Create Better Descriptions and Explanations of Corporate Group Agents

In Chapter Two, I argued that the existing group agency and collective responsibility literature does not sufficiently address corporate hierarchy. However, within this literature, there are interesting mentions of corporate hierarchy that allude to a place for it within the discussion of group agency. One of these is the Corporate Internal Decision (CID) structure in the work of Peter French. French’s treatment clearly describes hierarchy as one of the two elements of the CID. He writes, “The organizational rules distinguish players, clarify their rank, and map out the interwoven
lines of responsibility within the corporations. They give the grammar of corporate
decision making. Policy/procedure rules provide its logic.”¹ This is among the most
complete of the descriptions of the role of corporate hierarchy in the group agency
literature, but, as you can see, it provides little detail or explanation. I would like to
suggest that additional exploration of the concept of hierarchy may allow a better
characterization of how a corporate group agent works. Better characterizations of how
the corporate group agent functions may also provide a response to two common
criticisms of existing accounts of group agency, and this will be explored at the end of
this section.

Corporate hierarchy, as I described it in Chapter Two, is the organization by
which the employees in a company are ranked in roles, and each employee’s ranking and
role corresponds to his or her responsibilities in the company. These responsibilities
include playing a role in forming corporate intent, making corporate decisions and/or in
carrying out corporate actions. Werhane similarly suggests a crucial role for job
specifications, whether the job specification provides “vague expectations or detailed
rules for what counts as minimum or proper job performance.”² If we think about
hierarchy as including a specific description of the responsibilities that are required of
each job or role, then corporate hierarchy provides a structure of people in roles with
responsibilities, a structure that we can use for describing, concretely, not merely in

¹ Peter A. French, "Integrity, Intentions, and Corporations," American Business Law Journal 34, no. 2 (1996), 151-152
general terms (as French’s CID does), how the corporation as a group agent develops intent, makes choices, and carries out corporate actions.

The usefulness of this approach may be better explained by an example, because the point is that focusing on a corporation’s hierarchical structures means specific job responsibilities can be described and their contributing role in group agency can then be more clearly understood in a specific instance. For example, let us imagine a company considering a stock split. In this example, each member of the staff of the CEO (as the CEO’s role and staff roles are defined in the hierarchy) has the responsibility to manage divisional finances and to provide information to the CEO about the financial status of their division (as these tasks are described in the job descriptions and/or job responsibilities of these roles).³ In this example, the CEO is, in turn, responsible to attend to and to integrate the information, forming an initial judgment about whether or not to recommend a stock split to the board of directors (as their roles are specified in the hierarchy). Each person who serves on the board of directors would then be responsible to consider the available data and render their recommendation or their vote on the proposed stock split (depending on how the hierarchy is structured for the role of the board of directors and for decisions on this matter). When all of these component elements have occurred, then the company, as a group agent, would be understood to have declared a stock split (or not to have declared a stock split, depending on the decision made), and if this is how this kind of decision is made, then the absence of one

³ Note that, in speaking of “job specifications” or “job descriptions”, I am not referring only to written documents. Many aspects of any (or perhaps all) roles in a hierarchical organization are not limited to written documents but are supported informally, for example in statements and actions expressing commendation or criticism regarding an individual’s or a group’s actions. On the role of commendation and criticism within a group in establishing an accepted way of doing something see Ozar, David T., “Social Rules and Pattern of Behavior” Philosophy Research Archives vol 3, no 1188 (1977).
of these elements would justify asking if it was, in fact, an act of the corporation as group agent, since the process which that group agent has determined to make a decision on stock splits had not been followed.

Clearly, the hierarchy is part of the background needed to make sense of the activities undertaken by each individual in this example of corporate effort because the hierarchy includes individual job specifications. The details of the hierarchy are important in understanding the activities and deliberations leading up to the choice made and subsequent action undertaken (if any) by the group agent, because they are what tells us how each individual in a role contributes to the formation of corporate intentions, to the making of corporate choices, and to the carrying out of corporate actions. Without referring in this way to the specifics of the roles and responsibilities that are described in the hierarchy, all we have is a vague abstraction called, for example, a Corporate Internal Decision (CID) structure. In fact, if French’s readers did not already know that corporate decisions are actually made by means of concrete systems of roles and relationships, with their attendant responsibilities, i.e., by means of corporate hierarchies, his argument for corporate group agency would not be persuasive. At a minimum then – independently of other contributions that careful consideration of corporate hierarchy can offer – existing philosophical arguments for the group agency of corporations are crucially dependent on the existence of corporate hierarchy, and this should be explicitly acknowledged.

In addition to describing the ranking and responsibilities for each role, a corporation’s hierarchy also creates and describes relationships between the individual employees in the corporation. At its simplest, this means that the hierarchy defines superiors and subordinates (in a simple, vertical reporting structure). But, while
manager-subordinate relationships are typically among the most important in a
corporation, in most companies there are additional, more complex relationships created
by the hierarchy, and these, too, are typically very influential in the life of a corporation
because embedded in them are often much subtler contributions to corporate deliberation,
forming of intentions, and making choices, and also to carrying these choices out. Two
examples of such complex relationships were introduced in Chapter Four in the
summaries of the work in organizational theory of Scott and McGregor.

Scott explains how organizational hierarchies can be used to coordinate and
integrate work efforts. For instance, to take up the previous example again, my
description of the stock split probably over-simplifies the actions a company (and the
individuals who comprise the company) would take in advance of the board of directors’
determination of a stock split. Numerous clerks, accountants and managers would be
responsible for reporting and verifying of planned, actual and projected financial
information for their department or work group. Middle level managers would be
responsible for coordinating these efforts between different departments within their
assigned groups. The finance department would be responsible for integrating all of this
data across the division(s), for example, and for validating all this financial information
prior to presentation to the CEO and the board. Meanwhile, public relations, investor
relations, and legal staff would also be responsible to provide input from their areas of
expertise about the decision and about potential consequences of various scenarios. All
of these groups’ activities are then coordinated by their respective unit leaders in order to
provide the CEO (and ultimately the board of directors, in a manner determined by the
corporate hierarchy) with a very complex, yet integrated, picture of the corporation’s
fiscal situation and all other relevant factors. And, it is likely that all of this activity would occur under tight deadlines and with some element of secrecy or limited access to information. Taking all of this into account, these complex, integrated activities can be difficult (perhaps almost impossible) to understand and clearly describe without reference to the roles and relationships that constitute the hierarchical organization of a company. Thus, a proper understanding of corporate decision making must include that corporate decision making is often non-linear, involving complex coordinating and integrating judgments of many sorts before the alternatives (stock split or not, larger or smaller stock split) have even been formulated. Obviously, individual human decision makers engage in analogous coordinating and integrating activities in relation to complex decisions they make. The point here is that without careful attention to hierarchy in corporations, the comparison of corporate decision making to individual decision making is, at best, dramatically oversimplified and arguable actually misleading. By using the perspective of a corporate hierarchy, the actions and integrated activities can be clarified and more properly described in their contributions to corporate agency (i.e. corporate intention, corporate choice and corporate action).

In a similar way, McGregor’s discussion of the complexities of staff-line relationships provides us with helpful examples of the organizational complexity that can be generated in modern corporate hierarchies. Returning briefly to the example of the corporate decision to declare (or not to declare) a stock split, it is likely the case that the most careful number-checking and detailed financial analysis occurs at lower levels of the company, so that the greatest influence on the decision of whether or not to declare a stock split in terms of the actual weighing of corporate financial data comes not from the
CEO or his senior staff, but from these lower levels of the company. The resulting relationships between people at multiple levels in the company thus become quite complicated as, for example the CEO and senior staff know they can rely on the contributions of much lower-level employees, or alternatively, as lower-level employees are pressured by senior leaders to produce certain results.4

The fact of organizational complexity, such as that created by the grouping and integrating of work efforts and staff-line relationships (particularly for large and very large companies), has seemed, in some critics’ minds, to undermine the standard arguments for describing a corporation as a group agent, i.e. that corporations are enough like individual agents to be called group agents. Analyzing such complexity from the perspective of corporate hierarchy can provide a more realistic view of the matter and enable us to talk much more concretely about how corporations as group agents may, in fact, form intent, make choices and carry out action. In this way, it supports the comparison to individual agents that oversimplifies accounts of corporate decision making. I will also suggest that the ability to talk about group agency more concretely helps to provide a response to two of the most common criticisms of existing accounts of group agency, and this will be the subject of the remainder of this section of this chapter.

A common criticism of accounts of group agency such as Peter French’s is that the so-called corporate intent formed via a CID is more appropriately managerial intent or the intent of those who set policy, since the intent may not be shared by lower level employees. This challenge to the theme of group intent, and therefore group agency, has

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4 It is worth mentioning that not all corporate relationships are rosy and not all corporate actions and intentions are ethical. For real-world examples of illegal and unethical managerial requests, see Badaracco Jr, Joseph L. and Allen P. Webb, "Business Ethics: A View from the Trenches," California Management Review 37, no. 2 (1995).
been articulated by Seamus Miller and Paul Sheehy, as described in Chapter Three.

By looking carefully at corporate hierarchy as the statement of who makes up the company and how the individuals who make up the company are organized and related, the following response to this criticism can be formulated.

Corporate hierarchy, which in this project refers to the organization’s concrete hierarchical structure of operating, is not only a parceling out of tasks to certain designated persons. It is also a tying-together of those tasks through a complex system of relationships, including simple, vertical relationships and complex coordinating, and integrating relationships. This system of relationships includes relationships between two parties and complicated multi-party interactions. So, corporate hierarchy is (at least when functioning optimally) a dynamic, integrated system of tasks and relationships. (The fact that hierarchical tasks always involve relationships is why we speak of them not simply as tasks, but as roles.) And because such a system consists in tasks and relationships, most often complex relationships that cannot be reduced to individual tasks individually performed, the activity of an optimally functioning organization hierarchy (and therefore the corporation it operates within) is indeed, ‘greater than the sum of its parts’. That is, the corporation and its hierarchy cannot be exhaustively described by adding individual intents, choices and action of the participants in the corporation. Corporate intent cannot be reduced to individual or managerial intent because of the way the corporate hierarchy ties together tasks and relationships in the corporation. Similarly, corporate choice and corporate action are more than the sum of individual choices and actions in the

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5 Michael Smith’s dissertation makes this point for group agency. Michael David Smith, "Groups as Moral Agents" (Doctoral Dissertation, Loyola University of Chicago, 1979).
corporation because of the operation of corporate hierarchy, thereby supporting corporations as group agents.

This analysis of corporate intent in support of a philosophical claim of corporate group agency from the perspective of the structure of the corporate hierarchy also has an important implication for the group’s dynamics and/or optimal functioning together. The hierarchy of an organization unites and organizes the roles that make up the organization, describing the roles and responsibilities that contribute to an organization meeting its objective and the relationship among the people and roles in a company. Understanding the roles and relationships of the numerous people that participate in a company’s activities into a hierarchy can clarify the contribution of each person toward the organization’s goals. Corporate hierarchy can be used to articulate the value of all jobs, including the jobs of so-called lower level employees, because the hierarchy shows how so-called lower level jobs support and lead to achievement of corporate objectives.

Often, a vertical line on an organization chart can be followed to the levels of senior leadership to in order to illustrate this point. But the more complex analysis of hierarchy being offered here makes it clear that not only simple, vertical relationships are involved.

Furthermore, in an organization where all roles are seen as valuable to the company’s progress toward its objectives, there is a higher likelihood that the ideas and concerns of all employees would be heard and considered by important decision makers. In this setting, hierarchy provides a route for the ideas and concerns of so-called lower level employees to be made known to those who are responsible for decision making and policy setting, leading to group-based decisions that more broadly take into account the perspective(s) of the members of the group. I have observed in my organization that in
cases where people feel that their ideas and concerns have been heard and addressed, there is greater likelihood that they will ultimately willingly support the management decision that is made, even if the decision is not made in their favor. To take this one step further, if there is a respectful dialogue between lower and higher levels of the hierarchy, there can also be greater understanding of everything that is at stake in a management decision, which can further help in all employees understanding and ultimate support of decisions that are made.

It has become clear, then, that a corporation is composed of numerous people who fulfill the roles, meaning tasks in relationships, which are required to meet the company’s objectives. However, neither hierarchy nor a person’s place in hierarchy must necessarily correspond to reduced or diminished importance for a person within the company or to a barrier in participating in a company functioning as a group agent. As described in Chapter Four, both Max DePree and Tom Morris wrote about the organizational value of all roles in the hierarchy contributing to the organization achieving its ends. DePree specifically described respect for persons beginning with and understanding of the diversity of their gifts. DePree wrote, “True participation and enlightened leadership allow these gifts to be expressed in different ways and at different times.”6 Morris wrote, “There is no job productive of any good, whether product or service, that does not merit a noble description.”7

A second common criticism of existing accounts of group agency developed because the accounts of group agency often referred to ‘intent-forming’ activities as “the

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6 Max DePree, Leadership is an Art (New York, NY: Dell Publishing, 1989), 26-26
mind” of the corporation. While the description of a corporate mind is intended to illustrate the similarity between group and individual agents, it also creates a bit of mystery around the process of corporations forming group intent, and descriptions of corporate intent conceived as “the mind” of the organization are often criticized as anthropomorphizing corporations. Such critics argue that the functioning of a corporate group agent is not similar (or perhaps not similar enough) to the functioning of a human mind for the explanation to be valid or helpful. But, as shown in the examples above, providing more concrete descriptions and accounts of the actors and their responsibilities within a corporation from a perspective of corporate hierarchy helps to remove the mystery and mystique of corporate intent, choice and action. The descriptions of each and all of the actors fulfilling their assigned responsibilities in relation to each other help to explain corporate group agency in the way it actually occurs. Thus, descriptions that begin from the perspective of corporate hierarchy are cast in terms of people and their obligations rather than reference to a single, human “mind” (or something similar), which misleads the critics through its oversimplification of the process. From this, it follows that, if the comparison of corporate decision making and intent to that of individual agents is defensible, then speaking of “the mind” of a corporation may be accused of being overly dramatic, and it is oversimplifying of the complexity of corporate decision making. But “anthropomorphizing” it not an appropriate criticism since, if the comparison is defensible, then corporate agency is similar to individual agency in relevant ways.
In summary, understanding corporate agency (including corporate intent, corporate choice, and corporate action) in a way that explicitly includes the complex hierarchal structure of the corporation provides a more persuasive account of the similarities between corporate and individual agency, thereby providing support for viewing corporations as capable of being group agents. The perspective of corporate hierarchy also gives a way to defend the concept of corporate intent, in that the hierarchy concretely ties together tasks in relationships (roles) in such a way that corporate intent cannot be reduced to individual or managerial intent, effectively responding to objections to corporation’s group agency on the basis of lack of shared intent in actual corporations. The concrete descriptions also help to avoid mysterious, oversimplified and anthropomorphic descriptions of corporate ‘minds’, effectively responding to criticisms of this group agency theories on the basis that the theories in appropriately anthropomorphize corporations.

Theme Two:
Using Corporate Hierarchy to Argue for Individual Responsibility in the Context of Collective Responsibility

The claim of group intent, described in the prior section as supporting philosophical claims of group agency, entails group responsibility, which has recently come to be called collective responsibility in the literature. In Chapter Two, two

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meanings of the term, collective responsibility were presented. Collective
responsibility can mean the responsibility of the group, but not necessarily of any of its
members (group or non-distributive responsibility), or it can mean the collection of
responsibilities of the individual members of a group (shared or distributive
responsibility).\(^9\) My starting point for this project, based on the arguments of other
philosophers is a version of the first approach; it is that collective, non-distributive
responsibility can be assigned to corporations, as groups, because they are group agents.
But, the philosophers who support this view also suggest that individual responsibility
persists, in addition to collective responsibility, for the individual employees who
collectively make up the company. This formulation of corporate collective
responsibility for a corporate group agent thus includes individual responsibility and so,
by explaining this point more clearly we can address an important criticism of collective
responsibility: that corporate (or group) responsibility unacceptably decreases the
responsibility of individual human beings in the corporation.

Here, the concept of corporate hierarchy will again be useful. It helps to support
the claim of individual responsibility because it helps in describing and evaluating
individual responsibility in the setting of collective responsibility for corporations. After
showing this, I will also explore two specific issues related to maintaining individual
responsibility in the context of corporate collective responsibility and group agency,
again drawing usefully on idea of corporate hierarchy.

\(^9\) In this section, and throughout my project, my comments are focused on ethical and/or moral
responsibility, as distinct from legal or other kinds of responsibility.

\(^{10}\) Journal of Social Philosophy (2007), XXXVIII(3), 365
In order for a corporation, as a group agent, to be described in terms of shared, non-distributive responsibility of the group, obviously at least one member of the group must act (in order for the group agent to act)\(^{11}\) and thereby some action (or refraining from action) by the group agent must occur. As we have seen, a corporation’s hierarchy can be used to describe and explain who must perform what action(s) (individually or perhaps in more complex organizations, in groups) in order for the corporation to act. It is hierarchy therefore that organizes individual action(s) into the group action(s) about which the corporation has responsibility. But the first point to be made here is a simple one, namely, nothing about this non-distributive picture of a corporation’s responsibility for its actions challenges the idea that individual responsibility for the individual action(s) also exists, even in the setting of group agency and collective responsibility. This is the position that will be supported here, as it has been by most of the authors supporting group agency. Incorporating the concept of hierarchy into the account of group agency makes it clearer which individuals are acting when the corporation acts, so they may reasonably be held responsible for these actions. By enabling us to identify which actions of which individuals constitute acts of the corporation as a group agent, the concept of hierarchy removes the apparent conflict between individual responsibility and the corporation’s non-distributive responsibility, i.e. responsibility as a group agent.

Note that we can also consider collective responsibility from the perspective of the assignment of blame or praise, i.e. blaming or praising the one responsible for an act. With respect to blame or praise as well, individual responsibility persists even when the

\(^{11}\) Both Michael Smith and Patricia Werhane stress that corporate actions are carried out by individual persons. As mentioned earlier, Smith’s expression is that a corporation acts in virtue of the acts of certain individuals. (Smith, *Groups as Moral Agents* and Werhane, *Persons, Rights, and Corporations*).
corporation is a responsible actor. For a group to be held responsible (that is, blamed or praised) some member of the group must have acted (or failed to act when action was required). Thus, as above, individual action (or failure to act) is required for a group to be an agent and responsible for an act, and so to be praised or blamed; but from individual action follows individual responsibility and the appropriateness of praising or blaming the individual actors as well. Thus, corporate hierarchy enables us to identify and evaluate the actors and the action(s) that collectively contribute to a shared or non-distributive responsibility, in order that praise or blame may be properly assigned to the group for its act and to the individuals for theirs.

To better illustrate how individual responsibility continues in a setting of collective responsibility, I will provide an example. We might say that the company (as a group agent) has a responsibility to provide a safe work environment for its employees. A company’s hierarchy and job descriptions might be designed, for example, to include the job of a health and safety officer, with appropriate tasks and relationships assigned to the person who does the job of the health and safety officer. These, for example, might include the creation of workplace safety policies. Individual employees might also have workplace safety tasks to do as part of their job specifications, such as the use of safety devices (e.g. steel-steel toed boots, protective eye glasses, or respirators) or reporting of so-called ‘near miss’ incidents where an injury could have been likely to occur. Each of these individuals, insofar as he/she accepts the role assigned within the corporate hierarchy, therefore has individual duties in the role and may be justifiably described as
responsible for relevant acts in fulfilling those duties, or not, and similarly may be justifiably praised or blamed accordingly.\textsuperscript{12}

From what was said previously, it seems clear that, although numerous individuals may be assigned tasks by policy or operations in support of workplace safety, none of the individual tasks itself, in this example, constitutes the company as a group acting in support of workplace safety. Therefore, though each individual is responsible for his or her acts contributing to the corporation’s act, (including, more completely, each one’s acts as part of a committee or other subgroup whose actions contribute to the corporation’s acts), no one of these people is individually responsible for the corporate act as such. So, the responsibility of the company as a group agent is distinct from individual responsibilities. For example, if policies created by the company officer are not funded by management or enforced by supervisors, the corporation’s commitment to workplace safety would not be met, even though one individual met the specific obligation to create workplace safety policy. So, he would not be morally responsible for this failure as an individual, even though the corporation as a group agent would be, as would the failing supervisors be responsible for their failure to make their proper role-based contribution to the corporation’s commitment to action in support of workplace safety.

\textsuperscript{12}The qualification ‘insofar as he/she accepts the role…” is significant here. The concept of hierarchy being employed in this project (and group agency work generally) presumes voluntary and role-accepting choices on the part of a group’s participants. The more complex possibilities of persons who appear to be accepting a role, but are not, or who are coerced into accepting a role not voluntarily, are beyond the scope of the present project, although exploring them against the background of the role of hierarchy offered here seems likely to be fruitful. (It is also worth mentioning that the references to individuals being responsible for their actions or omissions presuppose, throughout this project, that other preconditions of full responsibility – e.g. awareness of the situation and of relevant facts, the absence of coercion, etc. – are present. It is beyond the scope of this project to inquire what are the analogous preconditions, if any, for responsibility for an action to the attributed to a group agent.)
Or suppose the policies are actively supported by management but an intoxicated employee’s actions create a work hazard; again, the company’s obligation for workplace safety would not be met. Only if we imagine all the needed individual role-based responsibilities being adequately carried out and being appropriately coordinated and integrated through all the needed role relationships established by the hierarchical structure of the corporation will we have an image of what we mean concretely when we identify an action of the company as a group agent as fulfilling the responsibility for worker safety.

An explanation of collective or group responsibility that includes corporate hierarchy may also be useful in exploring a particular individual’s degree of responsibility in the setting of a group collective responsibility. I propose that we may be better able to describe and evaluate individual responsibility by looking at corporate hierarchy among the “details of a given member’s particular situation” as described in the work of Gilbert that was summarized in Chapter Two.13 Generally, my position is that if an individual’s role in the hierarchy involves tasks contributing to forming corporate intent, making corporate choices, or performing corporate actions (or participating in the groups and processes that contribute to these things for a given corporation), the individual can be reasonably held individually responsible in each specific instance for whatever he or she does with regard to his/her assigned tasks and relationships within the corporation. In corporations, and particularly in large, complex corporations, an individual person’s role is likely to be specialized, reflecting principally one specific aspect of the corporations’ overall business. The individual’s role obligations, then,

would be principally limited to their specialty, the area that they contribute to most and/or most directly, based on the role, relationship and responsibility described in the corporate hierarchy. As described earlier, corporate hierarchy shows who is responsible for playing what role in the forming of intention, choice and action for a corporate group agent and how (organizationally and relationally) corporate intention is thus formed, choices are made, and action is carried out. Therefore, by showing us who may be individually responsible for what kind of participation in forming a company’s intent, in the process of making a company choice and/or in carrying out a corporate action, the concept of a corporate hierarchy provides a structure that allows us to evaluate the relative contribution of an individual within a corporate group agent.

To illustrate this concept further, I will return to the example of workplace safety presented earlier. The health and safety officer can and ought to be held accountable for the specific tasks assigned to him in his role in the hierarchy, as described (formally or informally) in the job specification. Thus, by using the health and safety officer’s job specifications, the performance of the person who holds this job can be evaluated. That is to say, a superior can judge whether the officer’s job performance meets the goals and standards formally included in the job description or mutually understood to be part of the safety officer’s role.¹⁴ Finally, in specific cases where a shortfall is to be attributed to someone and blame is to be determined, the relative contribution of deficiencies the job specifications and/or deficiencies in the health and safety officer’s performance can be

¹⁴ Formal organizations like corporations aim to create very thorough job descriptions for efficiency, for fairness in performance evaluations, and for forming effective workplace relationships. But it is doubtful whether every important aspect of a role’s responsibilities and relationships can be articulated in a formal job description, even when they can be pointed out narratively in relevant examples and thus, in the best situations, mutually understood. It is beyond the scope of this project to resolve this question of the extent to which an employee can properly be held responsible for matters communicated only informally.
weighed with other factors to determine how much blame should be directed to the individual health and safety officer and here again, the concept of hierarchy, properly applied, can be illuminating. For example, if an employee is injured at work, one can evaluate questions about the health and safety officer’s job description and performance in relation to the incident. These questions might include: Was the situation within the area of responsibility for the health and safety officer? For example, if an employee falls in the parking lot and the health and safety officer is charged with safety in the warehouse, the health and safety officer cannot be appropriately blamed, assuming no other shortfall by the health and safety officer. Did the health and safety officer enforce and abide by the safety policies? Did the relevant employees and their supervisors abide by the safety policy? For example, if a policy requiring safety glasses has been established and enforced via routine inspections from the health and safety officer (or his or her staff) and reprimands for failure to wear protective safety glasses, and an employee is injured while not wearing the required safety glasses, the health and safety officer would not (unless other factors were involved) be responsible for the injury. Did any employees raise concerns to their supervisors about a situation? Were the concerns heard by the supervisors? Did the supervisors act on the reported concerns? Suppose supervisor had been informed by other employees that one of the employees was not wearing safety glasses in violation of the safety policy and the supervisor did nothing, then the supervisor could be held responsible to some extent for the employee’s injury, based on the supervisor’s job responsibilities, but the health and safety officer could not. The answers to questions such as these, which depend on viewing the corporate group agent in terms of hierarchy, can help determine the specific individual responsibilities of
individual employees in cases where the corporation has nevertheless group or shared responsibility for its actions (or failures) in this regard.\textsuperscript{15} The basis for this evaluation of individual responsibility is the nature of roles and relationships established by the corporate hierarchy and the consequent tasks required of employees to meet the corporations’ objectives. It is for these acts that they are rightly held individually responsible, thus considering corporate hierarchy within a corporation as a group agent, an individual person’s role in the group agent can be clarified and individual responsibility and accountability can be more clearly described and evaluated.

This formulation of corporate collective responsibility for a corporate group agent that includes individual responsibility also helps to address an important criticism of collective responsibility. Some critics argue that corporate responsibility unacceptably decreases the responsibility of individual human beings in the corporation.\textsuperscript{16} My position is that individual responsibility is not removed in the setting of corporate responsibility, and that such individual responsibility can be described and evaluated precisely by carefully applying the concept of corporate hierarchy. This view, that individual responsibility is not removed in the context of collective responsibility and group agency, that some interesting consequences and may be helpful in thinking about some of the common dilemmas that face people in corporations. I will explore two of these in the following pages.

\textsuperscript{15} Note that the corporation’s commitment might not be that no injuries occur, but that no injuries of a certain severity occur or that the rate of injuries per work week be reduced by a certain percentage. Thus, the failure of an employee to wear safety glasses, for which he or she might rightly be held responsible (if other relevant roles in the hierarchy fulfilled their appropriate tasks) would not necessarily mean that the group agent was responsible for failing to promote workplace safety according to the corporation’s commitment.

\textsuperscript{16} For example, see Seamus Miller, "Individualism, Collective Responsibility and Corporate Crime," \textit{Business & Professional Ethics Journal} 16, no. 4 (1997) discussed previously in Chapter Three.
First, if a person who works in a corporation has individual tasks that contribute to corporate actions when these tasks are united with other individuals’ tasks via the corporate hierarchy, one might then wonder about the role of other obligations required of the same person. For example, job and personal obligations may come into conflict, and resolving conflicts like this can be intellectually and emotionally challenging for an employee. If we return to the idea of corporate hierarchy as described within this project, this may provide assistance in thinking about these challenging situations. Specifically, corporate hierarchy identifies the role, including job specifications and its ranking in the hierarchy, for a given person in the context of the corporation where the objective is meeting corporate goals. However, the role specified in the hierarchy is only one role that applies to a person, and the hierarchy only describes that corporate role. Focusing on the corporation’s hierarchical organization as only one source of role responsibilities in this way and by implication prompting the person to ask about the source(s) of other role-based responsibilities and their content and ranking within their own realms may help the individual rank the various responsibilities required of him or her and enable the individual to choose more wisely how to resolve the conflict. Note that an important element for my view that individual responsibility endures in the context of corporate agency and collective responsibility is that it is up to the person with the conflict to resolve it because that person alone has the full context and ability to judge what is at stake. While others around the person (in the corporate hierarchy or in other areas of life) can be supportive and helpful, the ultimate determination of his or her personal value in relation to the competing role, et cetera, is up to the person who has the
Furthermore, company efforts at supporting so-called “work-life balance” can be affirmed as ways of helping the individual employee to see the nature of and to arrive at a resolution of such conflicts, i.e. a resolution that works in their specific case since no single resolution would apply to all employees. Conflicting tasks to be done can feel overwhelming and may appear to be monumental in their demands when both (or more) cannot all be fulfilled. Explicitly relating corporate role-based responsibilities to their source in the hierarchical structure of the corporation can thus assist in addressing such conflicts in a more measured and deliberate manner.

As a second example, I would like to explore how individual employees may respond to corporate decisions. Corporate decisions can appear to be made at a great distance (literally and figuratively) from individual employees, particularly in large, complex corporations. As noted above, many critics of group agency argue that what is called a corporate decision is really decision making by senior managers in the company. From the perspective of the individual employee, distance from decision making can create difficult challenges. What should I do if I do not support an important decision or position that the company I work for has taken?

While it may be possible to agree to disagree about some small issues (as occurs in many relationships), there may be important issues that cannot be overlooked or looked past. For example, we can consider a fictitious company that employs children in sweatshop-like conditions in a developing nation. Are all employees collectively

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17 This is not to deny that powerful motivators may be in place, from the side of the corporation or from other areas of the individual employee’s life, to make thoughtful evaluation of competing roles, et cetera very difficult. The point here is to stress that critics who would hold that affirmations of group agency on the part of corporations leaves no room for the exercise of personal choice and the ascription of personal responsibility to individual employees are overlooking the role-based, i.e. hierarchy-based, character of the tasks by which employees contribute to corporate actions, and the fact that no employee is (or ought to be induced to be) only an employee, singularly fulfilling his or her hierarchical role.
responsible for the practice? I would argue (based on the ideas proposed already) that those employees who participated in the corporate decision making process to engage in this practice have a higher level of responsibility for the company’s action than those who did not. However, based on my position that individual responsibility exists in the setting of corporate responsibility, I would also argue that all employees should at least attempt to participate in corporate decision making processes, using the available structures and relationships, specifically those described in the company hierarchy. Thus, if an employee judges the policy to be morally wrong, the employee should speak out against it to their supervisor and others appropriately connected to the role the employee serves at the company using the hierarchy to identify relationships that may facilitate appropriate ethical dialogue (or at least an explanation of the ethical thinking that supported the decision). Or, the employee can also consider separation from the company as a way to indicate the employee’s disapproval of company practices.18 And, as was suggested earlier in this chapter, in an optimally functioning corporate hierarchy employees could be encouraged to actively participate in knowing and achieving corporate objectives, including providing ideas and concerns to their supervisors to actively engage, via the corporate hierarchy, in the established corporate decision-making and policy-forming processes. Active participation such as described here also helps to mitigate the alienation that comes from work itself and increasing bureaucracy accompanied by impersonal rules. (See discussions of Marx in Chapter Four and Donaldson in Chapter

18 Obviously, in some cases, one has difficult and complex life circumstances that prevent a person who judges a corporate action to be mistaken or immoral, from risking having their employment terminated due to perceived insubordination via public disagreement with corporate positions (e.g. a person with cancer who fears losing insurance provided by her employer or a single parent who has no other source of income to provide for his or her children). These situations are not uncommon; but dealing with complexities of these sorts beyond the brief discussion here of the contribution of the concept of hierarchy to our understanding of them is outside the scope of this project.
Three.) Active participation at all levels of the company also creates an environment where praise can be shared by individuals within a company when the company does things well or right.\textsuperscript{19}

Thus, the concept of hierarchy, if developed into a system of tasks and relationships in many directions within a corporation, might contribute greatly to the culture of an organization and thereby facilitate employees’ articulation of their judgments adverse to corporation action in a way that is constructive for all. But even if this ideal is not fully achieved, as it is in very few large organizations, the role of hierarchy in corporate agency can still guide individual responses to their corporate actions. And in the final analysis, if such responses are ineffective in changing the corporation’s chosen course in some matter, the concept of hierarchy can, as in the previous point, assist the individual in identifying roles and commitments in order to weigh them in terms of his or her life values.

In this chapter, I have attempted to integrate the theme of corporate hierarchy with the claims of group agency and collective responsibility for corporations. I have proposed and illustrated using examples that the context provided by a careful view of corporate hierarchy can help us to better describe and explain the operation of group agents by providing concrete ways to describe the forming of corporate intent, the making of corporate decisions and carrying out corporate action. Explanations that utilize corporate hierarchy also provide a clearer and more nuanced way to consider claims of individual responsibility in the setting of corporate responsibility. I have

\textsuperscript{19} I acknowledge that an optimally functioning corporate hierarchy is an ideal, worth striving for, but most commonly only partially achieved concretely.
suggested here that corporate hierarchy provides an enriched view of the individual in the context of the company, specifically with respect to role, tasks, and relationships that are the products of corporate hierarchy. In the next chapter, I will attempt to build on this work to propose an organizational ethic for corporate group agents, with a special focus on leaders in an organization who, as we have seen, typically perform important tasks in the processes of determining corporate intent and choosing corporate actions in corporate group agents.
CHAPTER SIX

AN ORGANIZATIONAL ETHIC FOR CORPORATIONS AND INDIVIDUALS IN CORPORATIONS

The starting point for this project was the proposal, defended by a number of philosophers, that corporations are group agents because they exhibit features of intention, decision and action that are similar enough to those features in individual moral agents that there is good reason to speak of group agency for corporations that exhibit these features. This proposal has now been advanced by integrating features of corporate hierarchy into the thinking of group agency for corporations. I have argued that in addition to improving an understanding of corporations as group agents, by creating better (that is, more specific) descriptions of corporate intent, corporate decision making, and corporate action, the integration of the theme of corporate hierarchy into group agency theory provides a clearer way to understand the argument for the individual responsibility of employees in corporate settings that are characterized by corporate group agency.

Now, in this chapter I will explore some ethical implications of this view of corporations. First, I will suggest possible improvements to business ethics in general based on a view of corporations as group agents that includes the idea of corporate hierarchy. In other words, I will argue that business ethics is not complete unless it includes what has come to be called, over the last decade or so, “organizational ethics,”
that is, in this instance the ethics of a business as an organization, i.e., as a group agent. These improvements will be accomplished by addressing some common themes offered in criticism of business ethics. Second, I will show how this view of corporate group agency sheds important light on what is ethically required of leaders in an organization, because from this view, leaders can be defined as individuals who participate to a greater degree than other members of the corporation in forming corporate intent, making corporate decisions and carrying out corporate action in their role within a corporate group agent. Included in this discussion of ethical requirements of leaders, I will consider the specific ethical responsibilities that can exist when the people who have the task of participating in forming corporate intent and making corporate decisions are not the same people who will carry out the chosen corporate action, considerations that are not easily articulated without reference to a theory of group agency that incorporates relevant features of corporate hierarchy. Finally, I will also propose that there are certain individual responsibilities of all constituent employees of a corporation that I will argue are ethically important precisely because of their connection to the corporation, the group agent, achieving an optimally functioning corporate hierarchy.

**Improvements to Business Ethics**

In Chapter Four, I described the emerging public and academic interest in business ethics, defined as the cross-functional field of study of the ethical (or moral) issues that occur in a business environment. At the same time that this interest in
business ethics has been growing, there has also been significant and increasing criticism of the field of business ethics. The critics of business ethics operate from a variety of perspectives. I will review a few of the major themes of objections to business ethics here, and then, I will show how the view of corporations as group agents with the addition and integration of a complex and comprehensive understanding of corporate hierarchy can be used to address these criticisms in a way that creates important improvements for business ethics.

Criticisms of Business Ethics

One of the major themes of critics of business ethics is that business ethics is not different in any meaningful way from the ethical requirements of everyday life. There are numerous examples of this argument in the literature, and it is interesting to note that work on this theme is commonly published in popular literature, where it likely reaches a broader and larger audience than work published in specialized business ethics journals. For example, Peter Drucker’s article “Ethical Chic” was published in the popular periodical *Forbes*. Since it was published in 1981, the paper has garnered a great deal of attention, and it generated numerous articles in response to Drucker’s argument. Drucker argues that morality is a matter of universal principles, and no exceptions are made for business. Drucker writes (pointedly), “Surely ‘business ethics’ assumes that for some reason the ordinary rules of ethics do not apply to business. ‘Business ethics,’ in other
words, is not ‘ethics’ at all, as the term has been commonly used…”

In Edwin Hartman’s discussion of Drucker’s position, Hartmann (whose view is opposed to Drucker’s view) provocatively states, “Drucker sees no problem about balancing the obligations that come with one’s role in the organization against the moral obligations one normally has; apparently the latter always override.”

That is, Drucker’s argument is that business ethics is and should be nothing more than adhering to ethical principles that are already in play in our daily lives. There are no exceptions made for business conditions.

In another example of criticism of business ethics in this theme, Michael Levin wrote a *New York Times* article published in 1989 entitled, “Ethics Courses are Useless.” In the article, Levin writes “telling right from wrong in everyday life is not that hard; the hard part is overcoming the laziness and cowardice to do what one perfectly well knows one should.”

Levin seems to say that knowing and selecting the ethical course of action in a business setting is not the subject of what are commonly referred to as the challenges of business ethics. The challenge of business ethics, Levin says, is to have the courage to do the right thing amidst the many pressures of the business world. Again, the theme of the criticism is that business ethics is not meaningfully different from standard, everyday ethics.

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3 Michael Levin, "Ethics Courses are Useless," *New York Times*, November 27, 1989
A second major theme of criticisms against business ethics comes from a different direction. It holds that business ethics is not practical. One reason business ethics is deemed to be not practical is that philosophers and/or business ethicists have not done enough focused work in the area of real-world business, so the philosophy cannot be practically applied to business situations. Several critics have written from this point of view. In the book *Ethics and Excellence*, Robert C. Solomon argues that although the theoretical philosophical theories of business ethics are well developed, the application of the theories of business ethics is not developed at all. He writes,

Such theorizing is, however, irrelevant to the workday world of business and utterly inaccessible to the people for whom business ethics is not merely a subject of study, but is (or will be) a way of life – students, executives, corporations. Here, especially, the practical problem comes back to haunt us; how do these grand theories of property rights and distribution mechanisms, these visionary pronouncements on the current economy apply to people on the job?\(^4\)

Robert Jackall makes a similar point in his book *Moral Mazes: The World of Corporate Managers*. He writes, “Despite the emergence of a new industry that one might call Ethics, Inc., however, the philosophers at least have done little detailed investigation of the day-to-day operations, structure, and meaning of work in business and of how the conditions of that work shape moral consciousness.”\(^5\) In many ways, the argument I have been offering in this project shares a lot with this theme of criticism. I have argued that the group agency and collective responsibility literature are limited because they do not take into account a key feature of corporate experience, the


hierarchy. As you can see from these examples, there exists a criticism that the theoretical work of business ethics has not yet been applied to business settings in a practical, fruitful way. In addition, as business becomes more complex through increased specialization, technology, and globalization, practical applications of philosophical ethical theory also become more difficult, providing further support for this concern.

A third theme found in the criticisms of business ethics is the assertion that ethics is not good for business. That is to say, for businesses to be successful, some other end should be pursued, not being ethical. There are a number of interesting examples of this line of critique. One of these, the work of John Ladd, was discussed previously in Chapter 2. Ladd’s position is that corporations are created and structured to obtain specific goals, and the only rational decisions and actions a corporation can make are those that move the organization closer to achieving the corporation’s stated goals. Therefore, it follows that individual or social moral considerations (in any sense of the word “moral”) are not relevant to the corporation’s reason or action. Moral considerations, for Ladd, are only appropriate as limiting operating conditions, meaning conditions that set limits to what the organization can seek to do, and therefore moral considerations only enter into the operations of a corporation as opinion, without direct effect to decisions or action.6 Albert Z. Carr makes a similar point in two articles that appeared in the *Harvard Business Review*. Carr argued that it is not advisable to be ethical in business, unless doing so makes the company more competitive.7 Carr writes

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of executives, “If they did not subordinate their inner scruples to considerations of profitability and growth, they would fail in their responsibility to the company that pays them.”

In an article published in 1984 titled, “The Social Responsibility of Business is to Increase its Profits”, Milton Friedman similarly suggests that moral obligations can be overridden by the requirement to make a legal profit. Jackall makes a similar point in his book *Moral Mazes*, quoting a former vice-president of a large firm, who said, “What is right in the corporation is not what is right in a man’s home or in his church. *What is right in the corporation is what the guy above you wants from you.* That’s what morality is in the corporation.”

All of these examples illustrate that economic and managerial pressure are often observed to be considered more important than the imperatives of business ethics, if these are in conflict. And, it also appears from the examples, that it is a common experience for the action required to turn a profit or please a boss to be an unethical (or immoral) action. Thus, these critics propose that business ethics is at odds with (or at best neutral toward) the real engines that drive business decisions.

The fourth and final theme I will discuss here that is found in the criticisms of business ethics is that it is ineffective. The argument that business ethics is ineffective
develops either from a position that the focus of business ethics is misdirected or from observations that unethical behavior persist, despite the efforts of business ethics. For example, Werhane observed, “In business ethics we sometimes focus on dilemmas of individual managers as if they operated in autonomous vacuums rather than in corporations.”

As another example, the work of Badaracco, Jr and Webb (mentioned previously in Chapter 4), argues that the writings of business ethics are not focused on the level of employees facing ethical dilemmas. In addition, the audience at whom business ethics writings are commonly directed, executives and management, has been observed in Badaracco Jr and Webb’s study to be providing immoral and unethical direction, so whatever ethical training or development has been provided to business leaders has not been effective in modifying or eliminating unethical behavior. These examples illustrate the criticism of contemporary business ethics as ineffective because it focuses in the wrong places or fails to prevent unethical behavior.

In Reply to Criticisms of Business Ethics

The view of corporations as group agents, where the conception of group agency includes corporate hierarchy as developed with the complexity described in the preceding chapters, can be used to formulate an argument against the position that business ethics is not meaningfully different from the morality of our lives. In the discussion here, I have argued that corporations can form intent, make decisions and carry out actions, and that

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corporations can be meaningfully held responsible for their decisions and actions. Even if a critic argues that everyday morality therefore applies to the corporate group agent, there is more to the story, because I have also argued that within the context of group responsibility, individual responsibility remains relevant, meaningful, and distinct from group agency. Therefore, something is markedly different in a corporate group agent from the setting of individual agency, namely that both a corporate group agent and an individual agent are involved and both may be responsible. That is, different kinds of ethical judgments need to be made when both individual responsibility and corporate group responsibility are involved, so it cannot be the case that business ethics is the same as everyday individual ethics. Indeed, I would propose that it is the practical integration of individual responsibility and corporate responsibility that is the proper subject of business ethics.

Integrating a complex understanding of corporate hierarchy with a view of corporations as group agents (which was the aim of Chapter 5 of this project) provides a response to the second theme of business ethics criticism, by trying to correct the existing philosophical work in group agency as applied to corporations, for the absence of hierarchy theme means business ethics will rarely provide practical help in solving real-

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13 It is an interesting question to ask whether any individual is ever present in an ethical setting without some other group agency also involved. For example, the roles played in family or church or state (which may also reasonably be considered group agents) also travel with an individual in the practice of everyday morality. Thus, the impact of relationships such as these is often highlighted in narrative ethics and feminist ethics. This observation provides further support to the point that business ethics can be considered different from ordinary ethics and also from, for example, professional ethics. See, for example, Robert Phillips, R. Edward Freeman, and Andrew C. Wicks, "What Stakeholder Theory is Not," *Business Ethics Quarterly* 13, no. 4 (O, 2003), 42. Phillips writes, of a parallel phenomenon, “People retain nearly all of the duties, rights and liberties they had as humans when considered as citizens. However, a new set of duties and obligations is added by one’s role as citizen or government official.”
world business problems, such as those I described in Chapter 1.\footnote{As a reminder, the kinds of questions I hoped to help to answer included: If the CEO makes the decision but it is not unanimously supported by senior leaders or employees of the company, is it still a decision of the company? Can we say that it is the company who actually makes the donation or is it more appropriate to say that the individual people who take the product to the recipient community did the act of donation? Should the company be praised for the decision to donate the product or would the decision maker or the delivery person be more appropriately praised? Is it appropriate for individual employees to feel pride in a company’s decision to donate products? How can employees deal with feelings of shame when their company decides not to make donations of this kind? What if I, as an employee, am expected to make a recommendation for a company decision about an issue like this?} In this project, I set out to create a theory that would be practically applicable to business situations, and the examples provided in Chapter 5 and the later discussion in this chapter are intended to show that the project has met these goals. So, a view of corporations as group agents with the complexity of corporate hierarchy integrated into this perspective provides a way to respond to the criticism that business ethics is not practical.

In Chapter Two, Ladd’s criticism that ethics is not good for business because it is not the end of business judgments and choices was addressed. Now the response to that can also be seen to be a response to the third criticism of business ethics presented above. In Chapter Two, I suggested that modern business conditions require companies to respond to public awareness and expectation for responsible moral and business conduct. Customers have come to a greater awareness of global company conduct, and have been able to boycott companies who conduct business in morally objectionable ways. Likewise, knowing how companies do business, consumers can choose to patronize companies who are known to work in an ethical and morally responsible way. In the modern era, being ethical can have a big real world, bottom line impact on business, so it is no longer defendable to claim that ethical standards can or should simply be ignored or relaxed so that other goals of business can be pursued. Although this is not a direct
application of corporate group agency theory enhanced via the integration of
corporate hierarchy, it was important to address Ladd’s criticism (and others like it) in
order to argue that corporations are group agents, so it is part of the thinking developed
by the view of a corporate group agent proposed in my project.

Finally, the criticism of the effectiveness of business ethics, the fourth of the
themes of criticism of business ethics presented above, must be addressed. The work I
have done to describe complex hierarchical roles and relationships, to argue the
importance of corporate hierarchy and to integrate it with group agency theory for
corporations is very useful here. A quick glance at an organizational chart (a picture of
corporate hierarchy) is a ready reminder that organizations are complex and multi-
leveled, and that the individual occupies a role and is responsible for tasks within that
corporation. By viewing the corporation from the perspective of its hierarchical
organization, a broader audience for business ethics conversations emerges, an audience
involving many roles within the corporation with different ethical challenges and
concerns, not only managers and executives, but anyone who contributes in any way,
both individually and via their roles in subgroups to any action of the corporate agent. A
proper business ethics will be one that includes the full organization that participates in
business actions, and work in business ethics should be modified to include this broader
audience and to incorporate the relationships between all these individuals and subgroups
within the corporation as subject matter central to the study of ethics in business.

As you can see, all four common themes of criticisms of business ethics point to
gaps that the perspective developed in this project serves to address, and the result is an
improved approach to business ethics. Furthermore, the incorporation of a complex, relational view of corporate hierarchy into philosophical group agency theory provides an opportunity for a stronger connection between the philosophical theories of ethics and real world business issues and business life. From this perspective, it is also easier to understand how unethical business practices can be bad for business, and it is more obvious that to be effective, business ethics teaching and research should be focused on and include the concept of corporate hierarchy, as described here. For this is how it can view a corporation as both a unitary agent and as a complex set of relationships where each person and each assigned task and role plays an important role in the functioning of a corporate group agent.

Examples of Ethical Responsibilities of Leaders in Hierarchically Organized Group Agents

An important idea that has been developed in this project is that a theory of corporations as group agents which includes and integrates the concept of complex, relational hierarchy provides a way to argue that both a group agent and the individuals who make up the group agent can be understood to have responsibilities at the same time and for the same action or event. That is to say, an individual, as part of a group, may participate in an action where the group is responsible, and at the same time, continue to be individually responsible for what he or she did, as an individual agent. Another important idea that has been developed in this project is that in cases where an individual participates in a group action as a leader, meaning a person who organizationally plays a role in forming intent and making a group decision (with or without participating in
carrying out the chosen action), he or she may be held responsible to a greater degree because of the type of contribution he or she makes in the functioning of the corporate group agent. And it is the corporate hierarchy that provides a clear description of who corporate leaders are and what tasks are required of them. Bringing all of this together, it is clear that leaders can be said to have greater, meaning in number and in kinds of, ethical responsibilities precisely because of their roles in the hierarchical structure of corporate group agents. This section will explore some examples of the ethical responsibilities of these leaders.

At the foundation of any ethical responsibilities that a leader in a corporation has (when the corporation is understood to be a hierarchically organized group agent) is an obligation (or, perhaps more accurately, a set of obligations) that results from the existence of relationship between the leader and the people he or she leads. From many different perspectives, the idea of leaders in relationships with people being led has been identified and discussed by several authors who write on the subject of leadership. For instance, Joanne Ciulla writes, “Leadership is not a person or a position. It is a complex moral relationship between people, based on trust, obligation, commitment, emotion, and a shared vision of the good.”15 Further, she says, “Leadership is a distinct kind of moral relationship between people.”16 Al Gini also writes about leadership as a relationship.

15 *Ethics, the Heart of Leadership*, ed. Joanne B. Ciulla, 2nd ed. (Westport, CT: Praeger, 2004), xv

16 *Ethics, the Heart of Leadership*, 80
He says, “Leadership is always about self and others.”\textsuperscript{17} And he writes, “Leadership, like labor and ethics, is always plural; it always occurs in the context of others.”\textsuperscript{18}

The view of hierarchically organized group agents developed in this project supports the claims of these authors, because the hierarchical organization is, fundamentally, a series and group of relationships. The hierarchy describes people in roles and describes the tasks required of the people in the roles, with both roles and tasks described in relation to other roles with other corresponding tasks required of the people in them. Again, the corporate hierarchy makes the centrality of such relationships obvious and renders them accessible for description and ethical discussion. Within these relationships, routine ethical obligations toward other people (e.g., the obligation not to do bodily harm, some kind of obligation for telling the truth, etc) can be argued to exist without much trouble because these are relationships between human individuals. But, I propose that additional ethical obligations are added to the routine ethical obligations of individuals in the setting of corporate group agents, where group agency includes the comprehensive, relational concept of hierarchical organization described in this project.

In this section, I will provide two examples of special ethical responsibilities of leaders that are grounded in the relationship of the leader to others in a hierarchical organization. The first example deals with the alienation and impersonalization of workers, the individuals who comprise the corporate group agent. The second example looks at what responsibilities exist for leaders when leaders have the task of participating in forming


\textsuperscript{18} Gini, Moral Leadership and Business Ethics, 33
corporate intent and making corporate decisions while different people have the task of carrying out the chosen corporate action.

Although a complex corporate hierarchy has been suggested as a useful perspective for the issues of group agency that I have been working on in this project, corporate hierarchy (and corporations, generally) are also commonly criticized for contributing to impersonalization and alienation of the worker. Many authors have written about this concern, including several who have been previously mentioned in this project. In Chapter Three, I referred to Thomas Donaldson’s writings on bureaucratization. In his work, Donaldson writes that with bureaucratization comes an increase in impersonal rules. He writes, “In an efficient organization, individual people must be replaceable without provoking crisis, and this means that decision-making must depend on rules, not people.” In Chapter Four, I described Karl Marx’s argument that the separation of worker and lord causes alienation of the worker from his work and from the product of his work. Also in Chapter Four, I mentioned W. Richard Scott’s definition of formalization. Formalization, Scott argues, depends on the extent to which the contents of roles and responsibilities are independent of the people who occupy the roles. Therefore, more formal corporate organizations are more impersonal, in Scott’s view. John Ladd also writes about the phenomenon. He says,

The effect of these organizations and their activities is to submerge the individual in the impersonal vastness of their operations, projects, and plans. Even managers

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appear to lose their identity as individuals when they function as decision-makers in a corporate organization. Impersonality and anonymity are the hallmark of relationships and interactions in the modern corporations.21

As these examples demonstrate, impersonalization or alienation of workers in complex, modern corporations is a significant concern that has been described by a number of important writers.

Numerous authors who write on leadership (that is to say, meaningful and effective leadership) have described what they judge to be the most important responsibilities of leadership, and included among them, explicitly and implicitly, is the responsibility associated with working to overcome the problem of alienation and isolation described by the critics above. This is sometimes related to the responsibility of the leader to build a high-functioning team in order to meet the objective(s) of the team. In his book, *The 17 Indisputable Laws of Teamwork*, John C. Maxwell writes about what it takes to create a successful team. One of his seventeen laws directly speaks to alienation and the leader’s role in addressing it. Maxwell calls it “The Law of the Niche,” by which he means that each person has a place where they add the most value. Teams suffer when people are not in the right place. Maxwell says, “You may have a group of talented individuals, but if each person is not doing what adds the most value to the team, you won’t achieve your potential as a team. That’s the art of leading the team. You’ve got to put people in their places – and I mean that in the most positive way!”22

Maxwell’s writings about “The Law of the Niche” contain a very similar message to the

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writings of Jim Collins in *Good to Great*, in which Collins describes how the leaders of highly successful companies were successful and putting the right people in the right seats on the bus, as previously described in Chapter Three. Finding the right place for a person in the corporation is therefore a special requirement of leaders, and if done well, it can significantly combat the alienation associated with participation in a corporation with numerous impersonal roles because the person is in a role in which he or she contributes meaningfully and in a distinct, personal way to meeting the team’s specific objective(s) and to the overall success of the team.

Creating a meaningful and effective relationship between the leader and the followers in order to counteract alienation and impersonalization has also been the subject of writings on meaningful and effective leadership. A few good examples of characteristics of positive and effective relationships were discussed in the work of Tom Morris and Max dePree, which was presented in Chapter Four. For both of these authors, relationships must be based on respect. Morris encouraged us all to give noble descriptions to our good, productive work. So, instead of saying, “I’m just a salesman,” both the salesman and his or her manager should say, “I’m a salesman. I put people together with products that improve their lives.” This has the kind of effect dePree desires: respecting people by respecting the diversity of their gifts. dePree writes, “This begins with an understanding of the diversity of their gifts. Understanding the diversity of these gifts enables us to begin taking the crucial step of trusting each other. It also

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enables us to think in a new way about the strengths of others.”

Management that operates with noble descriptions of work and respect for diversity of gifts of individuals begins to address alienation and impersonalization found in hierarchical corporations because it treats workers in ways that create a positive and productive relationship between levels of the corporate hierarchy and with respect for each one’s specific contribution in relation to the contributions of all the others.

There are other examples of discussion of the relationship between leaders and followers elsewhere in the leadership literature. In an essay entitled, “Ethical Challenges of the Leader-Follower Relationship,” Edwin P. Hollander works from the premise that a leader-centered focus is inadequate to understanding the interdependence of corporate life and specifically the interdependence of leadership and active followership. From this starting point, he explores ethical challenges in the relationship that directly address alienation and impersonalization. Hollander suggests thinking of leadership in terms of a two-way influence between leaders and followers. But, Hollander argues, this requires closer identification of the leader with the followers, and it requires the leader not to distance himself or herself from followers. Hollander provides two effective illustrations of these ideas. First, leaders who have closer direct contact with the workforce, on the shop floor or in the cafeteria, or who wear the same company uniform, illustrate enhanced identification with employees and the opposite of distancing employees. On the other hand, (American) executives who earn compensation packages that greatly


26 Edwin P. Hollander, "Ethical Challenges in the Leader-Follower Relationship," in Ethics, the Heart of Leadership, ed. Joanne B. Ciulla, 2nd ed. (Westport, CT: Praeger, 2004), 49
exceed the pay of the average worker while performing their job poorly and/or achieving poor company results can only be seen as increasing the distance between leaders and followers and their lack of identification with or even significant relationship to their followers. Hollander quotes W. Edwards Deming [the founder of Total Quality Management (TQM)], who believes that the enormous executive financial incentives have destroyed team work at many American companies.27

Another important aspect of the relationship between leaders and followers that fights against alienation and impersonalization is giving employees (followers) a voice. During my work on this project, I took a business trip that involved a flight on American Airlines. In the American Way magazine in the seat-pocket in front of me, there was a one page article written by American Airlines Chairman and CEO, Gerard J. Arpey, entitled, “Diversity Trumps Adversity.” In the piece, Arpey wrote,

One of the primary lessons is that difficult times make it even more important to maintain a focus on diversity and inclusion. While some companies see diversity as separate from their “real” business challenges, we know the opposite to be true. Our challenges are too big to let a single employee’s ideas or energy go to waste, so sustaining an environment of dignity, respect, and collaboration – where different perspectives are not only welcome, but sought out – is critical.28

Similarly, at a corporate function that I attended during my work on this project, a vice-president at Abbott said that a sign of good leadership was an ability and willingness to listen because all employees have useful and important ideas. He emphasized his point by stating that the people who do the housekeeping on third shift probably know a lot about what we as a company can do better, and company leadership could benefit by

27 Hollander, Ethical Challenges in the Leader-Follower Relationship, 52-53
listening to their thoughts and ideas. Both of these examples speak to the need to
give all employees a voice and the need for management to listen to what is said. These
executives’ comments suggest that this is important because of the ideas for improvement
that may be generated. But giving employees a voice is important for reasons related to
the ethical responsibilities of leaders to the reduction of alienation, as well.

But, in addition to listening to ideas and suggestions from employees, it is also
important to listen to employee concerns about corporate decisions. In Chapter Three, I
suggested that a manager’s job includes providing full explanations for decisions to lower
ranking employees, to better inform them of all the considerations that went into the
decision. There, I also suggested that is also a manager’s job to listen to and respond to
concerns raised by employees about decisions or lack of decisions. In this kind of
framework, the decisions of leaders have the possibility of being truly decisions of all
participants together, i.e., the corporation has the possibility of becoming more truly a
corporate group agent with a common intent and a unitary decision. In other words,
among the responsibilities of corporate leaders are obligations to make their organization
more truly a corporate agent. But, being able to formulate the responsibility of corporate
leaders without an understanding of hierarchy as a central feature of corporate group
agency would be impossible.29

It is not a new idea, of course, that alienation and impersonalization can be
impacted (i.e., caused, repaired and avoided) by meaningful and effective leadership.
Many authors have encouraged leaders to avoid alienating workers and de-personalizing

29 As the above selections demonstrate, a fuller analysis of the corporate literature on excellent leadership
will reveal that the perspective on hierarchy and group agency made explicit in this project is an implicit
component of what is most useful in this literature.
them and to fix cases where this is a significant problem. And, although it is a popular topic at the moment (as evidenced by its recent appearance in my own corporate life), the idea that leaders should listen is not new either. The leadership literature provides this advice as a way to improve the performance of leaders in order to improve the performance of teams and their success in meeting the team’s objectives. It some cases, achieving excellence in leadership and/or corporate life is viewed a social and moral good.\textsuperscript{30} But, what I am arguing is that this is not just a performance-enhancing option for leaders or for teams. It is an organizational ethics and business ethics obligation based in 1) the relationship between leaders and followers that is created by organizational hierarchies and 2) the consequent shared (by leaders and followers) responsibility of achieving optimal functioning of the hierarchically organized corporate group agent. I have argued above that leaders in hierarchies have ethical obligations that are greater, in number and in kind, than other members of the hierarchical organization. The responsibility to work against alienation and impersonalization is one of them.\textsuperscript{31}

Another important responsibility of leaders in hierarchically organized corporate group agents is created when the people responsible for forming corporate intent and

\textsuperscript{30}For example, see Solomon, \textit{Ethics and Excellence: Cooperation and Integrity in Business} and Hartman, \textit{Organizational Ethics and the Good Life}.

\textsuperscript{31}Even in an optimally functioning hierarchically organized corporate group agent, there are likely to be times when a single leader will be required to make a difficult decision that is not unanimously or even widely supported by the other individuals who are part of the corporation. This is the task of the leader based on or described in the hierarchy, which also means that the decision is still a decision of the corporate group agent. Thus, I have been able to contribute significantly to answering one of the questions that led to this work, previously mentioned in Chapter One: If the CEO makes the decision but it is not unanimously supported by senior leaders or employees of the company, is it still a decision of the company? For one of the conditions that must be met for this to be the case is that the corporate leader is in sufficiently close relations with those whose roles make them direct contributors to the decision.
making corporate decisions are not the same people who will carry out the chosen
corporate action. In large, complex corporations, this may be the case for the vast
majority of corporate decisions. As with the previous points, these are considerations
that are not easily articulated without reference to a theory of group agency that
incorporates relevant features of corporate hierarchy. Without such a theory, the roles
and corresponding tasks of each member of the hierarchy and their relationship to other
roles and corresponding tasks are not clearly understood. Without this clear
understanding of roles and tasks, the function the corporate group agent cannot be
understood. We would be left with the same kind of overly-simplified, vague
descriptions of corporate functioning that I have criticized earlier in this project. We
would only be able to say in very vague ways that forming intent, making decisions and
carrying them out are the work of a group agent. With a theory of corporate group
agency that incorporates the concept of a complex, relational corporate hierarchy, we are
able to describe the relationships among individuals who participate in each or any of
these functions of a corporate group agent.

As a starting point, it is ethically important to identify the relationships between
levels in the hierarchy, i.e. the relationships between parties who have unequal power.
Amitai Etzioni’s definition of power is useful here. Etzioni says, “*Power* is as an actor’s
ability to induce or influence another actor to carry out his directives or any other norms
he supports.”32 In a hierarchically organized corporate group agent, the leaders (who
participate in forming intent and making corporate decisions) have power over the

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individuals in the company who carry out the action required by corporate decisions. This fact must be attended to and understood from an ethical point of view whenever leaders participate in forming corporate intent and making corporate decisions while people in other roles in the hierarchy have the task of carrying out corporate action.

Now, the ethical obligation of leaders who participate in forming corporate intent and making corporate decisions that will be carried out by others could be viewed as a very simple ethical responsibility. Perhaps it could even be stated as a re-casting of the Golden Rule, “Do unto others and you would have them do unto you.” That is, in the setting of a hierarchically organized corporation, we might say, “Decide for others as you would have them decide for you.” But this oversimplifies the crucial distinction between “those who decide” and “those who carry it out” and this distinction is ethically extremely relevant both because of the effects of power relations on all affected, but for present purposes especially because a corporation is a setting where “those who decide” and “those who carry it out” are (or ideally are) joined together in a corporate group agent. In fact, it is because “those who decide” and “those who carry it out” are joined in a corporate group agent that any distance between them is ethically relevant because, as a group agent, “those who decide” are responsible for what is carried out and “those who carry it out” are responsible for what is decided. That is, the differences in role and power within the hierarchy yield important differences in responsibility. Without a conception of corporate group agency enhanced by the integrating the reality of complex, relational corporate hierarchy, these ideas are not easily accessible or understood.
Examples of Individual Responsibilities of Employees in Corporate Group Agents

Having proposed earlier that leaders have a responsibility to listen to followers (in addition to their responsibility for direct contributions to corporate intent and decision making), I will now turn to a short exploration the corresponding responsibility of the follower to have something to say. This responsibility derives from the same set of organizational ethics and business ethics obligations that formed the basis of the responsibilities of leaders described in the preceding section. The responsibility of the followers (that is, employees of the company) to have something to say about the intentions, decisions and actions of the corporate group agent they comprise is built on 1) the relationship between leaders and followers that is created by organizational hierarchies and 2) the shared (by leaders and followers) responsibility of achieving optimal functioning of the hierarchically organized corporate group agent. In other words, in a corporate group agent, “those who decide” are also responsible for what is carried out and “those who carry it out” are also responsible for what is decided, because both are actions of the group agent they comprise, so employees (or followers) are responsible for decisions made by the corporate group agent.

What the non-decision makers, i.e. the individuals Etzioni calls “lower participants,” have an ethical responsibility to provide is feedback on and challenges to corporate intention and decisions. This feedback by employees is an indirect contribution to corporate group decision making, because it happens by employees influencing the direct decision-makers, as identified in the corporate hierarchy. This is not meant to diminish or remove the direct role-based responsibility for corporate group decision making.

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33 Etzioni, *A Comparative Analysis of Complex Organizations*

34 This feedback by employees is an indirect contribution to corporate group decision making, because it happens by employees influencing the direct decision-makers, as identified in the corporate hierarchy. This is not meant to diminish or remove the direct role-based responsibility for corporate group decision making.
hierarchically defined role in the corporate group agent. This justification of their responsibility is distinct and different from the popular (and popularly criticized) notion of employee empowerment which is based on enhancing worker productivity. Joanne Ciulla writes, for example, “Empowerment is about giving people the confidence, competence, freedom and resources to act on their own judgments.” She also says, “In a business, empowering employees changes their relationship to each other, to management, and the work process.” But, she also acknowledges, “…that in many organizations, promises of empowerment are bogus.”35 Framing employee feedback as a responsibility grounded in the employee’s role in the corporate group agent provides a solid foundation for employee indirect participation because it does not rely on a changed relationship between management and employees that needs a bottom line justification. In fact, it is not something to be given to employees by leadership. Instead, on this account, it is based on the role the employee fulfills in the hierarchically organized group agent. It is a responsibility that is “already there,” so to speak. Leadership has, as already noted, an ethical responsibility to enhance rather than inhibit it. But, it is not something whose existence depends on a choice by leadership.

This view of employees being responsible to indirectly participate in forming corporate intent and making decisions via input to leaders (who have direct responsibility for forming corporate intent and making corporate decisions because of the role and tasks

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35 Joanne B. Ciulla, "Leadership and the Problem of Bogus Empowerment," in Ethics, the Heart of Leadership, ed. Joanne B. Ciulla, 2nd ed. (Westport, CT: Praeger, 2004), 59-60. (The word bogus, Ciulla says, is often used by young people to express anger, disappointment, and disgust over hypocrisy, lies and misrepresentation.)
determined by the corporate hierarchy) provides a different way to think about some of the questions I raised at the start of this project. In terms of the role of the individual in a company, I asked questions like: Is it appropriate for individual employees to feel pride in a company’s decision or action? How can employees deal with feelings of shame based on company decisions or actions? What if I, as an employee, am expected to make a recommendation for a company decision? How do I incorporate my personal point of view or values with the company’s point of view or values? With the work accomplished thus far, one can see a different way to answer the questions. Pride or guilt and shame are reasonable responses to corporate decisions, because individuals are component parts of the corporate group agent that made the decision or took the action. If an individual who is part of a corporate group agent disagrees with decisions made or actions taken, the individual has a responsibility to speak up and provide feedback (likely via the complex, relational hierarchical organization we have described here).

Employees have a responsibility to indirectly participate in managerial decisions in a hierarchically organized group agent. In the same vein, Hartman notes that, “In doing so they reject the view that exit is the only legitimate means of changing one’s situation and assume that an employee is not only a party to a contract, but part of a community.”

The community Hartman speaks of is the community created and described by the corporate hierarchy, which describes the role of an individual in the community, the tasks the individual will carry out and the relationships between individuals in the community. Participation in the community comes with a responsibility to participate, directly or

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36 Hartman, Organizational Ethics and the Good Life, 174
indirectly, in forming corporate intent and making corporate decisions, and a responsibility to participate (directly or indirectly) in carrying those actions out, with the possibility of leaving the group agent to be exercised only when the action of participating has been exhausted without effect or resolution.\(^{37}\)

The indirect participation of an employee in the formation of corporate intent or corporate decision making under discussion here must come from the perspective of the individual’s values and personal ethical standards. This is supported by the notion that both a group agent and the individual (directly or indirectly) participating in the formation of corporate intent, the making of corporate decision, and the carrying out a corporate act can be responsible for a given decision or action. Individuals who comprise the corporate group agent, then, can and will be held responsible individually, and must therefore measure both individual and group agent actions against their own personal values and ethical standards.

The idea of individual participation also helps to explain what is often called a kind of “leadership” (but not in the same sense as used previously in this dissertation or chapter) that occurs at many levels in a corporate hierarchy. This is a concept that other authors have also tried to explain, but without an explicit reference to the role of hierarchy. For example, some authors note that the true leaders of a hierarchical organization may not be those identified in the hierarchy. Max dePree calls these leaders

\(^{37}\) This last statement is offered here solely from the perspective of the employees as responsible members of the corporate group agent. Since all employees also have other responsibilities and obligations in relation to other communities, factors external to their responsibilities as members of a corporate group agent may (and often do) ground sound ethical judgments to leave the corporate group agent. But discussing such conflicts between commitments is beyond the scope of the present project.
“roving leaders.”

John Gardner advised that leadership should not be confused with status, power, position, rank or title, (which are notably the elements and products of corporate hierarchy). He writes, “We have all occasionally encountered top persons who couldn’t lead a squad of seven-year-olds to the ice cream counter.”

In the context of a hierarchically organized corporate group agent, leaders, in this special sense, can be recognized as those who optimally fulfill their role, whether it is at the top of the bottom of the organizational chart. Leading, in this special sense, means achieving excellence in the assigned tasks and excellence in managing the relationships created by the hierarchy and required for the group agent’s optimal functioning, and encouraging others to do so, as well. It can be done (and done well) at any level of the hierarchy. In fact, it must be accomplished at every level of the hierarchy because this is instrumental to achieving an optimally functioning corporate hierarchy, and therefore, group agent. From the point of view of the terminology used in this project, “leaders” in this special sense are those who have been identified in these pages as indirect contributors (to forming intent, to making decisions, to carrying out corporate action) with the added qualifier “excellent”.

In this chapter, I have argued that improvements to business ethics can come from the integration of organizational ethical principles into existing business ethics, particularly when the corporation is viewed as a hierarchically organized group agent. I have also argued that because of the relationships created in hierarchically organized group agents, leaders have greater, in number and in kind, responsibilities by virtue of

38 De Pree, Leadership is an Art, 48, 49

their hierarchically assigned role and tasks and individuals have the responsibility to participate, by means of the relationships defined by the corporate hierarchy, in the tasks of forming intent and making decisions, even if those tasks are not directly assigned to them. The fulfillment of the responsibilities on each side of this hierarchically defined set of relationships is necessary for achievement of an optimally functioning corporate hierarchy, and correspondingly, a fully functioning group agent and I have shown how making the hierarchical structure of corporate group agency explicit can clarify a number of commonly discussed themes about the ethics of responsibilities of corporate leaders (in several senses).
CHAPTER SEVEN

FORMULATING SOME IMPLICATIONS OF THIS PROJECT FOR THE
PHILOSOPHY OF GROUP AGENCY AND COLLECTIVE RESPONSIBILITY
FOR OTHER KINDS OF GROUP AGENTS

The majority of the philosophical literature on group agency and collective responsibility is focused on groups other than corporations, as I previously discussed in Chapter Two. As noted there, the literature defines groups as identifiable collections of persons whose group identity persists over some period of time. So, groups include nations, churches, universities and teams, and this is also described in the literature. The most common argument for group agency, as previously reviewed in Chapter Two, is that groups are or are not moral agents on the basis of a comparison to the necessary and sufficient criteria for individual agency. These arguments generally conclude that for a group to be considered an agent and properly held morally responsible (that is, justifiably praised or blamed for an action), 1) the group must be able to voluntarily choose an action and 2) the group must carry out the action. (Another criterion that applies to individual moral responsibility, namely that the action must cause the event in question, is not explored in group agency literature or in this project because the causal connection between actions and events is a distinct philosophical issue.)

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1 As a reminder, the criteria for individual moral responsibility (or individual agency) which were described previously in Chapter Two are the following: First, an individual must have done the act (or failed to act). Second, the act must have caused the event in question. Third, the act must be done intentionally or (for some authors) as a result of a voluntary choice by the agent.
My work in this project focused very specifically and narrowly on corporations and corporate hierarchy. In this final chapter, I will explore how some of the work done in this project may apply to other groups, thereby hoping to make a contribution to the philosophy of group agency and collective responsibility. In this project, I worked from the position that (at least some) corporations are group agents on the basis that there are features of corporations that are similar enough to the features of individuals that qualify individuals as moral agents.² Specifically, I argued that corporations form intent, make decisions, and carry out actions. I argued that corporations form intent and make decisions via a systematic process that has its foundation in the corporate organizational hierarchy, which specifies 1) people in roles in the corporation and 2) the tasks they are assigned in support of the achieving of corporate goals. The hierarchy also includes the relationships, simple and complex, that are created by the organization of roles and tasks. Next, I argued that corporations act via the actions that are carried out by individual employees (acting in specific roles in the corporate hierarchy) when the individual employees act based on corporate decisions to achieve a corporate goal or in compliance with a corporate standard that has been established and articulated by corporate intent (in the form of policies, practices and culture). This view of group action preserves individual moral agency in the setting of group agency because

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² Of course, as has been stressed, corporations may not fulfill the relevant criteria at all, and many actions that occur in the context of a corporate life are not acts of the corporation as a group agent. Furthermore, as the implications of the inclusion of the role in hierarchy into our understanding of corporate group agency have made clear in Chapters Five and Six, a corporation that is capable of group agency in a particular matter may fail to act as a group either because of structural shortfalls (i.e., if the aspects of corporate group agency discussed in Chapter Five are not achieved in a given matter) or because of shortfalls in the actions of leaders or other indirect contributors to the corporations intentions, decisions and actions. (See Chapter Six.) This topic will be examined briefly again later in this chapter.
individual action is required for corporate action to occur. I have also argued that individual responsibility is greater in cases where the individual plays or played an important role in determining the company’s intent or in carrying out the action based on the corporate hierarchy. Throughout these arguments, corporate hierarchy played a useful role in more carefully and concretely explaining the mechanisms (including roles, tasks and simple and/or complex relationships) by which corporations form intentions, make voluntary choices, and carry out corporate actions. The group agency literature occasionally begins to consider these matters, but the addition of the concept of corporate hierarchy, I have argued, leads to better explanations that are able to stand up to common criticisms of corporations as group agents.

In this project, the idea of corporate hierarchy was specifically described as it pertains to corporations (usually large, complex corporations due to my professional experience). It will now be useful to propose that elements of corporate hierarchy, or organizational structures similar to them in function, might apply to or be found in other kinds of groups, and it will be useful to propose that where they are found in other group agents, they will be similarly useful in creating clearer and more specific explanations of how groups create intention, make decisions, and carry out group action. If this is so, it would indicate new paths for future philosophical work on group agency to follow.

As previously described, corporate hierarchy includes job descriptions (or job specifications) that contain roles the people play in the organization and the tasks they are assigned in support of achieving corporate objectives. Job descriptions or job specifications in a given organization exist along a spectrum. They can range from very
formal, clearly documented job specifications and descriptions with little left open to interpretation on one end of the spectrum to a very loose and general idea of what is expected from a role based on limited, verbal direction or feedback from a supervisor, manager, or colleague, or even general directions offered less systematically by members of the group with no particular roles at all, on the other end of the spectrum. Within this spectrum, many or most job descriptions will exist somewhere in the middle and are probably best described as mixed models, where some responsibilities are formal and others are more informally conveyed.³ In addition to job descriptions or specifications, corporate hierarchy also includes the arrangement of the roles into organizational relationships. As indicated above, these relationships may be simple, vertical reporting lines or more complex grouping, coordinating or integrating relationships.

A group (meaning a group that is not a corporation) may be organizationally arranged in a way that is very similar to a corporation for purposes of efficiency or effectiveness in achieving group objectives. For example, a nation may have a president and a cabinet of advisors who operate as a hierarchical organization. A church might have a leader and an advisory board that serves a role similar to the board of directors in a

³ As noted previously, Werhane acknowledges that job specification may provides, “vague expectations or detailed rules for what counts and minimum or proper job performance.” Patricia H. Werhane, Persons, Rights, and Corporations (Englewood Cliffs, NJ: Prentice-Hall, Inc, 1985), 32-33. Additionally, roles are also supported informally, for example in statements and actions expressing commendation or criticism regarding an individual’s or a group’s actions. On the role of commendation and criticism within a group in establishing an accepted way of doing something see Ozar, David T., “Social Rules and Pattern of Behavior” Philosophy Research Archives, vol 3, no 1188 (1977). On the structure of informal decision making (including role and job creation) see the doctoral dissertation of Norma Velasco. Norma E. Velasco, "A Philosophic Description of Informal Decision-Making by Groups, with Special Emphasis on the Role of Shared Moral Framework" (Doctoral Dissertation, Loyola University of Chicago, 2009).
corporation. Clubs often have a president, vice-president, secretary and treasurer who are assigned their roles and specific tasks for the functioning of the group. In these examples, the group typically also has a set of formal and informal practices and policies by which the roles interact in relationships to accomplish corporate objectives. Less formal organizations typically also have a leader (even if only informally selected) and identifiable ways of working together to accomplish a group goal, such as requesting volunteers to organize in a group work on a specific fund-raising effort. In each of these examples, the articulation of the organization of the group into roles, tasks and relationships, like the corporate hierarchy, can be useful for the purpose of better explaining group agency because articulating these structures can be used to describe more clearly if and how the group functions as a group agent in forming intent, making decisions, and carrying out actions for the group.

Additionally, descriptions of group agents that are based on the organizational structure\(^4\) of the group can provide a way to understand collective responsibility so that individual responsibility is maintained (in response to critics of group agency who doubt this) and such individual responsibility can be framed more clearly in its relationship to the shared group responsibility. That is, for all group agents, as is the case for corporations that are group agents, some individual actions are necessary for group action to exist. And, therefore, as it is for corporate group agents, nothing about a group agent’s

\(^4\) The expression “organizational structure” seems more appropriate than “hierarchical structure” in this chapter because of the continuum of structures under consideration here needs to include organizations with a wide range of possible reporting relationships and contributors to group agency whose responsibilities are principally to the group as a whole rather than to particular individual roles. That is, from the perspective of the present chapter, hierarchy, as we find it in large corporations, is one kind of organizational structure. What we have learned from carefully studying it can contribute to our understanding of the agency of groups that are organizationally quite different from corporations.
responsibility for its actions challenges the idea that individual responsibility for the individual actions contributing to it also exists, even in much more informally structured settings of group agency and collective responsibility. Thus, explanations of responsibility that include the concept of the organizational structure of the group can help us better describe who is individually responsible (and why) in any setting of group agency and collective responsibility because the organizational structure describes (though perhaps in a less precise way than is possible in corporate hierarchies) the roles, tasks, and responsibilities involved.

In this project, I have argued that if an individual’s role in the corporate hierarchy involves tasks contributing to forming corporate intent, making corporate choices, or performing corporate actions (or participating in the groups and processes that contribute to these things for a given corporation), the individual can be reasonably held individually responsible in each specific instance for whatever he or she does with regard to his/her assigned tasks and relationships within the corporation. It is reasonable therefore to propose that the same can be said for other types of group agents. The organizational structure shows who is responsible for playing what role in the forming of intention, choice and action for a group agent and how (organizationally and relationally) group intention is thus formed, choices are made, and action is carried out. Depending on the group being considered, the description of who and how describe here may be more general (conveyed in only in verbal directions by a generally recognized leaders) or quite specific (described in a nation’s constitution that has been formally and legally ratified by the people). The function of the group’s organizational structure in the determination of
roles and tasks and of responsibilities is the same despite the level of formality in the
group’s organization. By showing us who may be individually responsible for what kind
of participation in forming a group’s intent, in the process of making a group choice
and/or in carrying out a group action, using the group’s organizational structure allows us
to evaluate the relative contribution, and therefore responsibility, of an individual within
the group agent.

But, I have stressed that corporate hierarchy is not just roles and tasks. It is also
the connecting of those roles and tasks through a complex system of relationships,
including simple, vertical relationships and complex coordinating, and integrating
relationships. This system of relationships includes one-to-one relationships between two
individuals and much more complicated group interactions. Other kinds of group agents
have the same kinds of relationships in their organizations. In fact, the greater a group’s
dependence on informal modes of assigning roles and tasks, the more its achievement of
group agency will depend on the effective functioning of such relationships. Even within
corporate hierarchies, I have argued, the system of tasks and relationships cannot be
reduced to individual tasks individually performed; this is why the theme of relationships
has to be understood as part of what we mean by hierarchy (or, more generally,
organizational structure).\(^5\) This is also why the argument can be made, though it has not
been stressed in this project that the activity of a group agent is “greater than the sum of

\(^5\) See the discussion of organizational theory in Chapter Four.
its parts”. That is, the group agent cannot be adequately described by adding up the individual intents, choices and actions of the participants in the group.⁶

I further argued that the relationships between leaders and followers that are formed within a corporate hierarchy create certain ethical responsibilities. This theme, too, seems applicable to other kinds of group agents. For example, the ethical concern for situations in which decision makers are different from those who carry out the group’s action applies to all kinds of group agents. An example of this would be the president and cabinet of advisors who makes a decision to send the nation’s military into war. The people making the decision in this example (the president and the cabinet) are not the people who will carry out the group agent’s action (the groups and individuals in the military). Or a group of church volunteers, selected solely on the basis of “who shows up” who will sort and display donations to the church’s rummage sale under the direction of a volunteer leader, who focuses on receiving donations and giving directions, rather than sorting and displaying anything.⁷ There are ethical considerations attendant to the actions of the people in roles whose relationship is created by the organizational structure of the nation or group of church volunteers acting as a group agent, just as it is the case for corporate group agents.

Likewise, the ethical requirement for leaders to listen to feedback and concerns from other group members and the ethical requirement for followers to participate in

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⁶ As noted previously, Michael Smith’s dissertation makes this point for group agency. Michael David Smith, "Groups as Moral Agents" (Doctoral Dissertation, Loyola University of Chicago, 1979).

⁷ The idea that ethical concerns and responsibilities associated with the rummage sale may seem less weighty than those associated with the actions of a nation or a global corporation, even if correct in practice, is independent of the point being made here.
creating group intention and making group decisions via the organizational structure are themes that apply not only to corporations but to other organized group agents, too. And as it is for corporations, it is because “those who decide” and “those who carry it out” are joined in a group agent that the “distance” between them is ethically relevant. For, as was argued in Chapter Six, in a group agent, “those who decide” are also responsible for what is carried out and “those who carry it out” are also responsible for what is decided. While these are complicated ethical considerations, they are no less real questions to be addressed in relation to any kind of group agent.

When a president and cabinet of advisors make a national decision to send the nation’s military to war, the persons in these roles have a responsibility to listen to feedback and concerns about the national decision, and the military (who will carry out the national action) have a responsibility to participate (indirectly, to use the term employed in Chapter Six) in the decision making using organizationally appropriate means. For ultimately, if the nation is functioning in this decision as a group agent, the military is also responsible for group decision making and the president and cabinet are also responsible for the military’s actions as they carry out the national decision.

Similarly, the rummage sale leader is not only responsible for giving directions to the volunteer workers who are sorting and displaying donations. The leader is also responsible for the sorting and displaying that is carried out by the volunteer workers. And the volunteer workers are not only responsible for the sorting and displaying. By means of their feedback and response (or lack of response), the volunteer workers are also responsible for the direction given to them. That is, the intentions, decisions and the
actions that carry them out, are, in varying degrees according to the roles and relationships, all the responsibility of all contributors in the groups’ agency in an activity. Examples like these also highlight that conflicts of interest and questions of individual motives are likely to be for important decisions for groups. Political motivations and reputations may be in play for a president and/or cabinet members, or for volunteer leaders or workers at a church rummage sale. Concerns for life and safety (their own and others’) would likely be in plan for the members of the military. Being viewed by others as efficient, cooperative or creative for rummage sale volunteers could be a factor for the church volunteers. Motives independent of participants’ roles in the group are almost always at play. But the complexity of individual motives and individual interests in relation to group decisions and the difficulty of untangling and managing them, as illustrated in these examples, does not negate the responsibility of the group agent or the individual responsibility of the participants in the organizational structure of the group agent.

Additionally, carefully describing the organizational structure of the group agent would provide a mechanism for accurately describing the obligations and responsibilities of group members to provide feedback, voice concerns, and otherwise participate in the group agent, according to the organizational structure. It would also provide a conceptual framework for members of the group agent to ethically evaluate the possibility of parting ways with the group (after exercising all organizational mechanisms to participate the group agent) if the group’s intent, decisions, or actions were sufficiently ethically objectionable to the member. This is an important consideration because those who
comprise the group agent are, in varying degrees, but actually responsible for the intent, decisions, and actions of that group agent, no matter what role they play in the group agent or what tasks they execute as part of the group agent. If the group agent’s intentions, decisions, or actions are ethically objectionable to the group’s members, it is essential that our concept of group agency include a way for the member(s) to separate from the group, when all other organizational mechanisms have been utilized in attempt to change the group’s intention, decisions, or actions without success. The theme of organizational structure provides a crucial conceptual framework for ethically evaluating such a step.

Organizational Structure in Group Agents

What also seems to emerge from the exploration of the work I have done on corporate hierarchy is that some sort of organizational structure (even if informally created) may well be required for a group to fulfill the necessary and sufficient criteria for group agency. That is, whenever there is group agency, it would seem possible to provide a description of the roles that individuals would fulfill in an organizational structure and to describe the tasks assigned to these roles, including tasks for creating intent, making decisions, and carrying out actions. Articulating the organizational structure of the group agent would also include information about the relationships created among members of the group agent. The organizational structures of some kinds of groups will be simple and more readily accessible, while the organizational structure of other groups may require the sophisticated tools of organizational theory to decipher
subtleties or complexities of the group’s organization. And to the extent that highly informal processes are involved in creating a group’s roles, tasks, and relationships, narrative modes of inquiry may be more revealing to the group’s organizational structure than more scientific methodologies. But, understanding a group’s organization will be valuable and worth the effort because it alone will allow for the determination of whether the group is a group agent in a concrete and specific way. And, the resulting descriptions of the group and its group agency are better able to withstand the kinds of criticisms I have previously reviewed. Determining whether the existence of an organizational structure is itself a necessary or sufficient condition of group agency is beyond the scope of this project. But the centrality of hierarchy to corporate group agency and the likely role of some kind of organizational structure for other group agents makes this an important question to pursue and, in any case, utilizing the organizational structure of a group (even if it is a very simple, modest organizational structure) can provide needed clarity and specificity in order to accurately describe how the functioning of a group (in terms of intent, decisions, and actions) can meet the necessary and sufficient criteria for group agency. Clear and specific descriptions can be created of people in roles, doing tasks, and in relationships and of their consequent obligations and responsibilities, and these descriptions avoid vague oversimplification of the process by which group agents form intent, make decisions, and carry out actions.

Given that an organizational structure is a crucial component for group agency for corporations and probably other groups, its absence may be an indicator that group agency is not present. Mobs, for example, are formed rapidly and in an unorganized way.
They lack an organizational structure that specifies roles, tasks and relationships. Are they not group agents? The organizational structure of mobs has not previously been explored in the literature. But, the distinction of mobs from group agents is not a new idea in the group agency and collective responsibility literature.\(^8\) Kenneth Shockley argues that mobs can be causally and, in a restricted way, morally responsible for acts, but not because they are like individual agents. Shockley’s argument for responsibility is based on causal significance, not collective agency.\(^9\) From a different perspective, Peter French argues that although there are cases where mobs should be responsible, mobs are not group agents because the mob is an “aggregate collectivity with no identity over and above that of the sum of the identities of its component membership.”\(^10\) French’s description of mobs shows that integrating relationships between members, which are part of what I have proposed as the organizational structure of a group agent, are absent in mobs. Larry May also views mobs as existing on a different end of the spectrum of potentially responsible groups compared to corporations. May says, “The corporation provides a good example of the role of organizational structure in shaping the values of group members. And the mob provides a good example of the role of social identification, especially solidarity, in the shaping of values of group members.”\(^11\) May

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\(^8\) Chapter Three provides the analysis and argument that the idea of corporate hierarchy is largely absent from existing philosophical literature on group agents and collective responsibility.


\(^10\) Peter A. French, "The Corporation as Moral Person," *American Philosophical Quarterly* 16, no. 3 (1979), 210
further suggests that membership in a mob shapes and changes the values of the individuals, making them different from the values they would have held if they were not part of the group.12 This is dramatically different from the structured participation of people in roles, in relationships with each other, performing tasks that systematically determine group intent, decision and action. This difference leaves the question unanswered whether May or other authors mentioned would support the point that some kind of organizational structure is required for group agency.

In an earlier work, Larry May did specifically mention the structure of groups (including mobs) and the impact of the structure on the group’s moral (agency) status. But, he does not examine the function of organizational roles, tasks, and relationships specifically in relation to the necessary and sufficient conditions for group agency in any but a passing way. Thus, May writes, “The thesis of this book is that the structure of social groups plays such an important role in the acts, intentions, and interests of members of groups, that social groups should be given a moral status different from that of the discrete individual persons who compose them.”13 Later, May indicates “that social groups should be analyzed as individuals in relationships.”14 And finally, May points out, “collectivists have a relatively easy time characterizing highly organized

11 Larry May, Sharing Responsibility (Chicago, IL: The University of Chicago Press, 1992), 75. Note that May’s reference to organizational structure is in the context of shaping the values of group members rather than specifically as a component of the process of achieving group intent, decision making and action.

12 May, Sharing Responsibility, 78


14 May, The Morality of Groups: Collective Responsibility, Group-Based Harm, and Corporate Rights, 9, emphasis in original.
activity, but great difficulty with the conduct of mobs.”¹⁵ So, May seems to see organizational structure as crucial, but he offers neither a careful examination of its function nor any clear conclusion about its role.

Paul Sheehy hints at this theme. In *Blaming Them*, Sheehy writes,

A group lacks the mind of a self-conscious agent, and in virtue of which such an agent is considered capable of bearing moral evaluations. Yet, if a group has the practices that allow its members to reflect and deliberate upon the group’s character, goals, and practices, and to bring about changes in those goals and ways of being, then it is plausible to regard the members as collectively or jointly accountable for the nature and actions of the group.¹⁶

Presumably, the practices of reflection, deliberation, and the ability to bring about change that Sheehy refers to here are included in what I have described as a group’s organizational structure (depending on exactly what Sheehy means by “practices”). In any case, Sheehy says the practices he is referring to are needed for a group to be collectively responsible. But whether they – or some form of organizational structure – are necessary and sufficient conditions of group agency are left unclear.

**Organizational Theory and Organizational Ethics**

Because the organizational structure of a group is an important factor in describing and clarifying important issues about groups as group agents, organizational theory and organizational ethics will obviously provide important perspectives in considerations of group agency. Organizational theory is important because it provides a systematic empirical study of organizations, using the methods and tools of the social

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¹⁵ May, *The Morality of Groups: Collective Responsibility, Group-Based Harm, and Corporate Rights*, 31

The methods and tools of organizational theory can provide clarity of roles and relationships, especially in formally organized groups. As previously acknowledged, the roles and relationships in other kinds of groups may not be as formalized as in a corporate hierarchy. They may be informal and subtle in their operation. Careful and systematic study (including attention to narrative accounts of informal creation of roles and relationships) will be required to be able to arrive at the clear descriptions required to dependably describe these kinds of groups as a group agents. The special role of relationships created by the group’s organizational structure also introduces organizational ethics issues, both in terms of the optimal functioning of the organizational structure of the group agent and in terms of the ethics involved in the relationships between individuals (and sub-groups) within the group agent. Thus, both organizational theory and organizational ethics become important contributors to the philosophy of group agency an organizational structure is seen as an important aspect of group agency whenever it is found.

Organizational theorist W. Richard Scott defines formalization as the “extent to which roles and relationships are specified independently of personal characteristics of
the occupants of the positions.” Organizational theorist Amitai Etzioni also distinguishes between roles and the people who occupy the roles in a discussion of the power of an organization to control its members. Etzioni says that the power of an organization to control its members rests in specific positions (such as a department head), a person (such as a persuasive or charismatic person), or a combination of both (such as a persuasive department head). While organizational theory is able to separate roles and relationships from the individuals in them in the study of hierarchy or group organizational structure, a distinction like this does not make sense from the perspective of organizational ethics. Both the ethics of the relationships between individuals in a group agent and the optimal functioning of the group agent depend on the ethical perspective and experiences the individual brings to the role. And both require group members to participate in forming intent and making decisions, directly or indirectly via organizational structures for feedback or raising concerns. But, this is not possible if the individuals are separated from their roles. Thus, the ethical questions raised by “disconnectedness” and formalization generally suggest that while organizational theory and organizational ethics can both make contributions to assessments of group agency, their contributions may be of very different sorts; and this difference of perspective may itself lead to more substantial contributions to the philosophy of group agency.

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Conclusion

In this final chapter, I have shown how the results of my analysis of corporate hierarchy in relation to group agency can be applied to other kinds of group agents. In the same way that corporate hierarchy provides clearer and more specific descriptions of the function of roles, tasks and relationships in corporate group agents, examining the organizational structure of other groups can provide a clearer and more specific analysis and description of the functioning of group agents of other types, specifically in their forming intent, making decisions, and taking action. One thing that develops from this exploration is a suggestion that groups may in fact require some kind of organizational structure in order to fulfill the necessary and sufficient criteria of moral agency that are developed from a comparison of groups to individual moral agents. In addition, the focus on organizational structure in other sorts of groups that this project’s study of corporate hierarchy has suggested is likely to lead to a much clearer articulation of questions of obligation and responsibility (for groups themselves and for the individuals who constitute them) in such groups, including the complex ethical issues in an individual’s possible separation from a group agents for ethical reasons. And finally, a new role for the disciplines of organizational theory and organizational ethics has been identified in relation to assessments of group agency and the different perspectives of these disciplines may bring to light additional complexities in the analysis of group agents. It is valuable to identify these complexities, though, because, in the experience of modern life, groups are all around us, and each of us is a member of many of them. The study of hierarchy as
a central aspect of group agency in corporations reveals that our ethical understanding of groups is far from finished.
EPILOGUE

In this project, I hoped (as I did generally when I first began studying philosophy) to apply philosophical methods and concepts to practical problems that I was facing on a daily basis. I intended to use philosophy to improve the way I thought about, and ultimately solved, problems in my corporate life. I have been successful in that effort. I have come to see the corporation that I am a part of as a group agent. I have identified structures and practices in my corporate experience that enable the corporation to form intent, make decisions, and carry out actions, and the foundation of these is our corporate hierarchy. As a result of the work I have done here, I am doing things differently at work. As a leader in the organization, I am more cautious in cases where I am involved in making a decision but will not be involved in carrying it out, whether the implications are operational or ethical. I am more serious about my responsibility to carefully explain corporate decisions and to listen to concerns and feedback that come from other members of the corporate group agent. I feel a stronger sense of responsibility to convey feedback and concerns (my own and others) to those tasked with forming corporate intent and making corporate decisions.

Perhaps I have also begun to make a contribution to my field. But even if I have not, I have changed my life. And that, I think, is what education is intended to do.
REFERENCE LIST


VITA

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