Is it possible to speak of “corporate” moral responsibility?

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Research Master Thesis

by

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Is it possible to speak of "corporate" moral responsibility: Research Question

In our everyday life, business organizations such as large corporations enjoy tremendous power. Yet, they are neither representative, as the state is, nor typically oriented toward providing for the public good. That being given and given the notion of "moral responsibility" as holding one responsible in terms of being subject to reprimand or punishment for the (harmful) consequences of one's action; the question arises: is it possible to ascribe moral responsibility to collective entities such as business organizations and, in particular, to large corporations when they harm society and the environment? In particular, is it possible to ascribe moral responsibility to collective entities such as business organizations and, in particular, to large corporations?

On the concept of (corporate) moral responsibility:

What does it mean?

In the most general terms, causal agents of all sorts are responsible for their effects. Cold fronts are responsible for bad weather, and an earthquake can be responsible for a rooster crowing. An alarm clock can be responsible for one's waking up just as a rooster can be and so can the staff at the hotel front desk or the hotel's automated messaging system. People, but not things, are given responsibilities for doing things (e.g., phoning or maintaining the message system) and are consequently responsible, in another sense, for doing them even before they are done. People, but not cold fronts, have responsibilities, but not all of them are moral responsibilities. There are service responsibilities, for example, to keep records; civic responsibilities, for example, to keep informed or to complain; citizens' responsibilities, for example, to vote; and moral responsibilities, for example, to help the injured and to reimburse someone for a loss at one's hands. One is responsible for causing harm and henceforth is morally responsible for the harm done and, consequently, susceptible to reprimand, punishment, and/or making amends. In an intuitive sense, moral responsibility could relate to corporations in the same way as it relates to people: people are held morally responsible for having caused harm through their activities; so should corporations (Pettit 2007). To further clarify, the obligation for one to be subject to reprimand or punishment as a consequence of having caused harm is one face of the medal, where the other is being attributed moral responsibility in the role of the one who carried out the activities that led to those harmful consequences.

Introduction

In our everyday life, business organizations such as large corporations enjoy tremendous power. Yet, they are neither representative, as the state is, nor typically oriented toward providing for the public good. That being given and given the notion of "moral responsibility" as holding one responsible in terms of being subject to reprimand or punishment for the (harmful) consequences of one's action; the question arises: is it possible to ascribe moral responsibility to collective entities such as business organizations and, in particular, to large corporations when they harm society and the environment? In other words, is it possible to ascribe moral responsibility to collective entities such as business organizations and, in particular, to large corporations?

If we think about it, when business organizations – such as large corporations – cause grave harms to the society and the environment; and these harms were preventable and unjustified, whom should we hold morally responsible? To whom should reprimand or punishment be assigned for the harmful consequences of such harmful activities? It is a truism that business organizations can "act" only through their representative individual members. It is also true that, in many cases, the individuals who contributed to carrying out the wrong on behalf of one particular business organization will have committed wrongs themselves. It would seem appropriate, then, to hold the representative individuals who carried out the wrong morally responsible for its consequences and, hence, subject the found guilty to reprimand or punishment on the grounds of bearing that responsibility.

But, may we also hold the corporation itself morally responsible in the same way? The importance of this question can be understood if we consider the case of doubts regarding to whom (in the face of one or more wrongs carries out on behalf of one business organization) moral responsibility – and the relative implications in terms of reprimand or punishment – should be ascribed: the corporation itself, one of his members, more of its members etc. In such doubtful circumstances, moral responsibility and its implications could hardly be attributed at all, with the consequence of letting wrong toward the society and the environment be carried out with impunity.

In the present dissertation, I advance the following argument:

- (Premise 1/Assumption) In order to be ascribed moral responsibility[1], one must be considered a moral entity and, hence, act upon intentions that can be assessed from a moral standpoint, so as to determine whether one deserves reprimand or punishment.
- (Premise 2) Business organizations such as large corporations can be considered collective moral entities whose identity and intentions lie in their practices[2]
- (Premise 3) These practices are observable in the organizational members' action.

- (Conclusion/**Main Claim**) [Therefore,] it is possible to ascribe moral responsibility to collective entities such as business organizations and, in particular, to large corporations by observing and assessing the practices that guide the action of members and bodies within the organizations; in order to determine whether one organization deserves reprimand or punishment for the (harmful, toward society and the environment) consequences of its action.

The present dissertation aims, firstly, at describing and criticizing three different ethical approaches (The Amoral, Functionalist, and Autonomy Models) to the understanding and the theoretical as well as practical application of the concept of corporate moral responsibility. The purpose of describing (and comparing) these three different approaches to the understanding of the concept of corporate moral responsibility is to show that one can, indeed, understand the concept in three ways (each informing, respectively, the three models): in a way that results in considering the concept of corporate moral responsibility as empty and meaningless; in a way that results in understanding the concept of corporate moral responsibility as the responsibility of the corporate functionaries; and in

1 The responsibility in terms of being subject to reprimand or punishment for the (harmful) consequences of one's action.

2 Practices are the tasks, responsibilities and procedures, relationships, norms and values incorporated in the culture and structure of each organization. Practices define the organizational identity and guide the action of organizational members.

a way that implies degrees of moral autonomy attributed to the business organization, for which the organization is considered itself morally responsible (as described in the footnote 1). Then, the aim is to describe and defend an ethical approach that goes by the name of "Integrity Approach", insofar as – it will be argued in this dissertation – the approach provides meaningful grounds for speaking of the concept of corporate moral responsibility and the relative theoretical as well as practical implications – such as attributions of reprimand or punishment. There will also be a case study (the Volkswagen emission-rates scandal) to show how business organizations can play themselves a significant role in stimulating or discouraging – through their culture and structure – responsible employee behavior, so that these organizations can be attributed – with the relative implications in terms of reprimand or punishment – moral responsibility.

The present dissertation proceeds as follows:

In Section 1, I will discuss the *amoral model*. This ethical model does not acknowledge corporate moral responsibility as a meaningful concept. In the amoral model one business organization, such as one large corporation, is construed as one particular market institution as means through which its owners and stakeholders can further their business goals. None of the arguments in favor of this position are, however, sufficiently persuasive, as I will argue in the section.

In Section 2, I will discuss the *functional model* of corporate moral responsibility. Proponents of the model accept that moral responsibility can be attributed to business organizations. According to them, though, moral responsibility to business organizations such as large corporations is not attributed on the grounds of construing the organization as an autonomous moral entity; but on the grounds of construing the organization as an association of persons who can, individually or in group, be attributed moral responsibility – and be, hence, subject to reprimand or punishment – for the (eventually harmful) consequences of the activities carried out on behalf of the organization, insofar as these persons are parts of it. The main criticism of the model, as I advance it, concerns what follows: were it the case of ascribing moral responsibility to one business organization for the (harmful) consequences of its action, according to the model, all the responsibility would be ascribed to natural persons on behalf of the organization: this is because, according to the model, corporate action only exists in terms of the action of the individual organizational members, implying the following theoretical and practical problems: the *transfer problem* (is responsibility transferable throughout time?); the *dispersion problem* (how is responsibility divided at a given moment?); the *complexity problem* (how should one cope with the complexity characterizing the arrangments of contemporary business organizations, in particular, those such as large corporations?).

In Section 3, I will discuss the *autonomy model* as the first attempt, so far given the ethical theories considered in the present dissertation, to establish degrees of moral autonomy – on the basis of which moral responsibility can, consequently, be attributed – characterizing entities such as business organizations. The amoral and functionalist model both argued against such a thing as a corporate moral autonomy, on the grounds that there is no such a thing as "the" organization, understood as an autonomous entity, to whom moral responsibility – and, hence, its implications – could be attributed. At best, they argue, moral responsibility for the harmful consequences of some action on behalf of one business organization could be attributed to the organizational members. The autonomy claim advanced in the model is based on Premise 1/Assumption in my argument[3]. The point of this section in my dissertation (Section 3) is to argue that the autonomy model – inasmuch as trying to support the corporate moral autonomy position – fails to satisfy the above-stated assumption. In the chapter "*Corporate expressions as "practices*", I present an alternative account of corporate moral autonomy and defend the Premises 2 and 3 of my argument. In the following section, I argue for an ethical model of corporate moral responsibility that is based on the just mentioned account of corporate moral autonomy.

In Section 4, I will discuss and defend the Main Claim of my thesis, formulated as follows:
It is possible to ascribe moral responsibility to collective entities such as business organizations and, in particular, to large corporations by observing and assessing the practices that guide the action of members and bodies within the organizations; in order to determine whether one organization deserves reprimand or punishment for the (harmful, toward society and the environment) consequences of its action. Now, insofar as the action of organizational members is guided and directed by the practices characterizing the organization, notice that, just as improper conduct can

3 Premise 1: In order to be ascribed moral responsibility, one must be considered a moral entity and, hence, act upon intentions that can be assessed from a moral standpoint, so as to determine whether one deserves reprimand or punishment.

raise doubts about the integrity of a natural person, abuses by an employee can also raise doubts about the integrity of the corporation. Does the abuse indicate systematic abuse or just an incident? Hence, the questions: is the organization systematically focused on meeting its responsibilities? What are the anchoring beliefs of the corporation? Does the organization encourage its employees to meet responsibilities or does it pose obstacles? The main point that I will argue is that the business organization itself can play a significant role in stimulating or discouraging – through its culture and structure, throughout time – responsible employee behavior. In order to do so, I will introduce and employ the so-called "Corporate Integrity" approach.

Finally, in Section 5, I will present the "Volkswagen Emissions Scandal" case-study in order to show how business organizations play a significant role in stimulating or discouraging – through their culture and structure – responsible employee behavior. This example helps to strengthen the main point that business organizations such as large corporations can be attributed moral responsibility – with the relative implications in terms of reprimand or punishment. Even when it is not exactly clear who – within the organization – carried out certain actions that contributed to causing harmful consequences to the society and the environment on behalf of one business organization. Such moral responsibility attributions are possible by observing and assessing the practices that guide the action of members and bodies within the organizations, as described in my main claim: it is possible – employing the Corporate Integrity Approach – to ascribe moral responsibility to collective entities such as business organizations and, in particular, to large corporations by observing and assessing the practices that guide the action of members and bodies within the organizations; in order to determine whether one organization deserves reprimand or punishment for the (harmful, toward society and the environment) consequences of its action.

1.The Amoral Model

The *amoral model* does not acknowledge corporate moral responsibility as a meaningful concept.

In the amoral model one business organization, such as one large corporation, is construed as one particular market institution as means through which its owners and stakeholders can further their business goals.

For instance, Hayek (1967) argues that business organizations, such as large corporations, cannot be considered autonomous moral entities and, hence, be attributed moral responsibility for the consequences of acting on their own behalf. Rather, he argues, they are solely the instruments for the efficient organization of the market in a free society (1967).

In turn, Hayek argues that the market itself must be considered an amoral arena since the free society – where each individual should be capable of acting in freedom and responsible for the consequences of their action – would be undermined if organizations were to pursue autonomous objectives. In other words, what would happen is that people would be allowed to hide behind an anonymous collective and individual responsibility would disappear.

So, even though Hayek acknowledges that one business organization, such as a large corporation, may also be identified with the interests of its employees[4]; for him, it is not acceptable to identify the corporation with this collective because doing so would amount to interfering with the free character of the "free" society he is referring to. Here he is referring, for example, to the freedom of employees to leave and find a new job, and the freedom of employers to fire employees if they become superfluous or when their skills are no longer needed. He writes:

"[I]n a free system (i.e., in a system of free labor) it is necessary for the interest of everyone exercising their own freedom that the corporation be regarded primarily as an aggregate of material assets to further certain goals such as those of the businessmen creating the organizations. (1967 p.303) "

4 Insofar as he recognizes that employees pursue a common goal and they share collective experiences, thereby creating a collective with similar traits.

Milton Friedman (1962) similarly argues that business organizations, such as large corporations, cannot be considered autonomous moral entities. And, henceforth, cannot be ascribed moral responsibility – and, hence, be subject to reprimand or punishment – for the (harmful) consequences of their action. In other words, for Friedman, a corporation cannot have moral responsibilities because a corporation is at most an artificial person, and cannot be considered an autonomous moral agent to whom moral responsibility can actually be attributed. Only people – in this case, the directors – acting for the business organization could possibly be held morally accountable for the consequences of actions virtually carried out on behalf of the organization. What this means for Friedman is that these directors have only one responsibility for which they can be held accountable, were they to violate it: the responsibility to be after as much return on the owners' capital investment as possible. So, on the basis of his freely accepted contractual relationship with his employer, a director is obliged to pursue this goal of the owners. Yet, naturally, a director may, as a natural, private person invest money or energy in public causes. But in that case, he would be spending his money or time and not that of the corporation. In other words, such an action as spending money on something like a public cause on the part of one business organization director would be an act of that person, regardless of the role it has within the business domain and the organization he/she directs. For Friedman, the same action could never be legitimately carried out by the same person in the quality of organizational director and on behalf of the organization itself. In *The responsible corporation and the subversive side of business ethics* (1989) Dekker extrapolates one of Friedman's more significant quotes with regard to the above-mentioned point concerning responsibility in the corporate domain. According to this perspective, a director who pursues objectives other than those of the owners of the organization – goals relating to the business goals of the owners – is, in fact, robbing them. The quotation attributed to Friedman goes as follows:

"What does it mean to say that the corporate executive has a ‘social responsibility’[5] in his capacity

5 Here Friedman is addressing the issue of corporate goals and whether they should or shouldn't consist in something beyond generating returns on the capital investments by means of which the organization could be created. He speaks of the responsibility of generating these returns as the only legitimate corporate responsibility. He also speaks of "social responsibility" as the responsibility of pursuing a corporate goal that is optimally beneficial to society, regardless of the interests of the corporation and its owners. This supposedly legitimate corporate responsibility or this "social responsibility" as Friedman depicts them is clearly not the same as the "moral responsibility" I am interested in for the purpose of this analysis, but I will address Friedman's point as in doing so I discuss some crucial

as a businessman? If this statement is not pure rhetoric, it must mean that he is to act in some way that is not in the interest of his employers. For example, that he is to refrain from increasing the price of the product in order to contribute to the social objective of preventing inflation, even though a price increase would be in the best interest of the corporation. Or that he is to make expenditures on reducing pollution beyond the amount that is in the best interests of the corporation or that is required by law in order to contribute to the social objective of improving the environment. Or that, at the expense of corporate profits, he is to hire 'hardcore' unemployed instead of better qualified available workmen to contribute to the social objective of reducing poverty. In each of these cases, the corporate executive would be spending someone else's money for the general social interest. Insofar as his actions are in accord with his 'social responsibility' to reduce returns to stockholders, he is spending their money. Insofar as his actions lower the wages of some employees, he is spending their money[6]. (Dekker 1989, p.17)"

The point that is made in the passage that we just saw is that to the extent that a director runs a company on behalf of the owners of the company, he/she must consider himself to be their personal instrument. He/she, therefore, has only one responsibility: the one to the owners. This responsibility is set down in a (partly implicit) contract. Thus, a director does indeed have responsibilities: to fulfill the terms of an explicit and implicit contract. It can be argued that this is itself a moral obligation, to some extent. Indeed, the moral duty of a corporate director is, according to Friedman, to act (amorally) in the interest of the corporate owners as their instrument. If the director were to deviate from observing this principle and were to serve the public interest, he could be attributed

implications of the amoral model of corporate responsibility. So, being "socially responsible" on the part of someone means, for Friedman, to feel the obligation to act in a way that promotes the pursuit of socially optimal goals. The responsibility relates to action in its making: the former directs the latter to the purpose of the social good. Whereas moral responsibility relates to action in its consequences: moral responsibility establishes whether someone is or is not to blame (and be punished) for the consequences of its action. It does not pertain the pursuit of any particular objective, such as for instance, the social good. So, to understand a business organization as morally responsible and, hence, subject to punishment or reprimand, for the (harmful) consequences of its action is not the same as to consider an organization somehow obliged to pursue the goal of social good above any other, including the stockholders' ones. Friedman does neither acknowledge nor address this "moral" dimension of responsibility, he only reduces any form of corporate responsibility – other than the one toward the owners and their interests – to something inconceivable and unjustified. Yet, he does so without justifying why a business organization, such as a large corporation, could not be attributed moral responsibility for the consequences of its action as an autonomous moral entity).

6 Dekker, W. 1989. The responsible corporation and the subversive side of business ethics. In: Enderle, G., Almond, B., & Argandona, A. (Eds.). *People in Corporations: Ethical responsibilities and corporate effectiveness*. Dordrecht: Kluwer Academic Publishers: p.17.

moral responsibility for the consequences (potentially harmful from the perspective of optimally pursuing the company's owner business goals) deriving from having acted that way. For Friedman, it is, rather, the responsibility of proper institutions to decide which social objectives to target. The director should stay clear of tasks that are proper to the political arena. After all, he was neither hired nor paid to take action in these terms.

In conclusion, both Hayek and Friedman's lines of reasoning reject any form of corporate responsibility – other than the responsibility attached to promoting the good functioning of the business organization as one particular market institution for furthering its owners' business interests and goals in the free society – and perceive it as the pursuit of social ideals.

1.1 Two variations of the Amoral model

From an amoral perspective, the question of corporate moral responsibility – the question of whether moral responsibility (and, hence, reprimand or punishment) can be attributed to business organizations, such as large corporations, for the (harmful) consequences of their action – is rejected as nonsensical. That is because, according to the proponents of the amoral model, people are able to perform good or bad actions and can, hence, be held morally responsible – be subject to reprimand or punishment – for the (bad) consequences of those actions. Not business organizations. Such a conclusion is drawn on the grounds that a concept such as moral responsibility and its implications simply do not apply to business organizations and actions taken on behalf of organizations, insofar as such concepts only apply to natural persons. It follows that business organizations, such as large corporations, do not act morally or immorally, but simply amorally. So, from an amoral perspective, corporate responsibility is an empty concept; it cannot be substantiated and localized.

Various motives and considerations play a role in the arguments of the proponents of the amoral model of the corporation. Some – like Friedman – acknowledge that the business domain features certain obligations for the natural persons involved in it, such as the responsibility of the directors toward the company's owners. This responsibility is moral in nature as directors have a contract or agreement with the owners and this contract stipulates that, were management to fail at honoring its obligations, it should be held accountable and, eventually, subject to reprimand or punishment. In general, however, the proponents of the amoral model do not view the fulfillment of this agreement as a "moral" obligation insofar as, just like Friedman, they simply reduce morality to the absolute pursuit of social ideals. That is to say, moral responsibility in this the amoral model is exclusively associated with idealism and political activism.

In most of the versions, however, a certain degree of morality is nonetheless displayed. A distinction that is not explicitly advocated or explored by the proponents of this approach, but that plays an implicit role in most of the theories, concerns the degree to which personal responsibility – the responsibility that organizational members bear in themselves as natural persons – is acknowledged. On the basis of this distinction, two types of amoral models can be distinguished:

The completely amoral stance that holds that business leaves absolutely no room for moral responsibility. It does not matter what the consequences of furthering business interests are. From this perspective, all organizations exist exclusively in order to; and can only, relentlessly, pursue maximum profits. The only way in which organizations (precisely, their owners and – on their behalf – directors) take norms into consideration is if they are forced to do so by legislation and government control or by economic need.

The variation of the amoral model in terms of personal responsibility denies that doing business entails special responsibilities but accepts that the personal responsibility of every natural person also plays a role in the business domain. Both Hayek and Friedman's line of reasoning actually contain elements of this variation, where, for instance, Friedman speaks of the director's responsibility toward the company owners; or where they both reject any form of corporate responsibility as they perceive it as the illegitimate pursuit of social ideals on the part of some individuals within the business organization and against the interest of its owners.

1.2 Criticism of the amoral model

A number of consideration from various perspectives have been advanced for viewing business organizations as amoral entities, in a way that they could never be held morally responsible, and, hence, subject to reprimand or punishment for the (harmful) consequences of action carried out on their behalf. None of the arguments in favor of this position are, however, sufficiently persuasive.

First, for the advocates of the amoral model, morality is synonymous with the pursuit of lofty social ideals with the result that morality is banished from the corporate world. As a result, the possibility that one business organization, such as a large corporation, could be attributed moral responsibility – and, hence, be held accountable for the (harmful) consequences of its action – is completely neglected. Yet, equating ethics and honoring moral obligations (for instance, the obligation not to cause harm to society or the environment) with the pursuit of mere ideals does not do justice to the nature of an ethical evaluation of Business. Indeed, the fact that a corporation is not the appropriate institution for pursuing social ideals does not mean that no norms at all should apply to the business world. Indeed, there is a difference between the social responsibility and the moral responsibility of a business organization. The former points toward the pursuing of social ideals, whereas the latter concerns the question of whether a business organization can be regarded as an independent moral entity and be attributed moral responsibility – and, hence, be subject to reprimand or punishment – were the organization to cause (harmful) consequences by action that was taken on its behalf.

Then, the problem with the amoral model is that it fails to recognize that the degree of moral responsibility attributed to one person being a member of a business organization is the direct or indirect result of the job the person holds within the organization. Proponents of the amoral model are, rather, inclined to view moral obligations as general human obligations and neglect the extent to which humans bear particular responsibilities as a function of the role they have within a given organization. From this perspective, for instance, were it a scandal involving degrees of social and environmental damage caused by some corporate action (such as, in the emissions scandal case of Volkswagen, distributing cars that pollute to higher rates than the company officially declared), the moral responsibility for such an action (and, hence, the reprimand or punishment) would be straightforwardly attributed to one or more natural persons involved in the business organization, on the grounds of possible personal motives of such action. The role of the organizational context where these persons carried out the action, and the influence of this very context on these persons' action – having these persons a role within the organization – would not even be taken into account. Even where these people may have, for instance, been led to act in a way that generated harmful social, environmental consequences in virtue of mechanisms operating within the organization whose functioning does not depend on the natural persons'/organizational members' will.

What if the action, or the chain of actions causing that harm, even though participated by natural persons within the organization, was not the result of deliberate intention of one (or more) of these persons? What if these persons, in the quality of members of the organization, were led – exactly in virtue of their particular role in that context – to act so as to contribute to the harm caused on behalf of the organization? Should the moral responsibility – and, hence, the reprimand and punishment – be entirely attributed to these natural persons, considering the corporate harm only as a consequence of these persons' deliberate action? What if these persons were forced to act like that. Why should they be punished, while what actually prompted the harm to happen – by directing the persons who actually carried it out – goes unnoticed?

By trying to separate in nature the moral problems in the business setting from the same sort of problems in the private arena, the "real " business ethical problems are neither acknowledged nor addressed.

2.The Functional Model

With the rejection of the amoral model of the corporation[7], the question arises as to how one can formulate moral responsibility ascriptions toward business organizations such as large corporations. The functional model of corporate moral responsibility provides an answer to this question. Yet, according to the model, moral responsibility to business organizations such as large corporations is not attributed on the grounds of construing the organization as an autonomous moral entity; but on the grounds of construing the organization as an association of persons who can, individually or in group, be attributed moral responsibility – and be, hence, subject to reprimand or punishment – for the (eventually harmful) consequences of activities carried out on behalf of the organization as these persons are part of it.

In the functional model, on the grounds of *ontological individualism,* the corporation is construed as an association of persons, as the model acknowledges the organizational character of action carried out on behalf of one business organization. The model also acknowledges the fact that this corporate action results in degrees of moral responsibility. But reduces this responsibility to the individual responsibility of the organizational members only. The model refers to cooperation among a number of individuals who, out of practical, economic, or legal motives voluntarily join an association – the business organization. The term "corporate moral responsibility" refers to the responsibility of some or all of these persons with regard to the consequences of the action taken on behalf of the association they constitute – which would amount to corporate moral responsibility in this particular case.

So, the functional model acknowledges that moral responsibility – in terms of being subject to reprimand or punishment – can be attributed to one business organization such as a large corporation; but the organization can, however, only be attributed moral responsibility – and, hence, be subject to reprimand or punishment – to the extent that there are *persons* representing the organization to whom the responsibility – and the relative implications in terms of reprimand or punishment – can be attributed. There is still no such a thing as a business organization, such as a

7, The model is not able to provide satisfying reasons on the grounds of which the concept of corporate moral responsibility should not be acknowledged. The model is, therefore, rejected.

large corporation understood as an autonomous moral entity that can itself be attributed moral responsibility. And that is because, according to the proponents of the functionalist model, unlike a moral entity (like a natural person) that can autonomously act and, thus, be attributed moral responsibility for the consequences of that action; a business organization simply cannot act autonomously. The business organization is not an autonomous moral agent capable of acting autonomously and entitled to moral responsibility ascriptions that would follow from possessing that very capability: the organization can only act through its individual or group representatives.Which means that the organization itself actually does not act at all, as it does not exist. At least, it does not exist beyond the sum of the individuals that constitute it. Hence, for the proponents of this approach, it is these representatives who are attributed moral responsibility and deserve blame or punishment, if anything bad on behalf of the company is caused.
Manuel Velasquez defends this position in his article *Why Corporations are not Morally Responsible for Anything They Do* (1983) According to Velasquez, a corporation cannot be held morally responsible because it cannot act. It is always people who act *on behalf of* the corporation. He formulates his position as follows:

"Although we say that organizations "exist" and "act" like individuals, they obviously are not human individuals. Yet, moral categories are designed to deal with individual humans who feel, reason, and deliberate, and who act on the basis of their own feelings, reasoning and deliberations. So how can we apply these moral categories to corporate organizations and their "acts"?" (p.7)

We can appreciate the substance of these arguments only if we first see that business organizations and their acts actually depend on human individuals: organizations are composed of human individuals and they act only when these individuals act.

We can express this precisely in two somewhat technical claims:

I. A business organization "exists" only if

1. there exist certain human individuals placed in certain circumstances and
2. it is established that when those kinds of individuals exist in those kinds of circumstances, they shall count as a business organization.

II. A business organization "acts" only if

1. it is established that when those kinds of individuals exist in those kinds of circumstances,
2. they shall count as a business organization.
3. certain human individuals in the organization performed certain actions in certain circumstances and when those kinds of individuals perform those kinds of actions in those kinds of circumstances, this shall count as an act of their corporate organization.

In the functional model of corporate responsibility, two broad variations can be distinguished: the *management*, and the *participants* perspective.
The difference between these two variations turns on the question whether corporate moral responsibility can be reduced to the responsibility of the decision-makers (the management approach) or to the responsibility of all the employees involved (the participants' approach).

2.1 The management approach

The management approach to attributing corporate moral responsibility builds on the classical model of the corporation. In this model, the business organization is identified with one or several persons. In sole proprietorships and partnerships, the owner or owners are directly responsible for the consequences of action on behalf of the organization. So, in principle, the owners are liable. The directors are employees to whom the moral responsibility of the owners (the stockholders) has been delegated. In his dissertation, *Responsibility in the Corporation*, Cobbenhagen observed as early as 1927 that the public limited company, which made possible the distinction between management and ownership, could lead to the erosion of responsibilities.

The management approach is defended by people like Peter Kuin, the former Unilever CEO. For him, corporate responsibility refers to the responsibility of management. For Kuin, however, moral responsibility is not derived from the owners' obligations. The corporate managers need a mandate from society. Kuin seems to be referring to the form of "social contract" that is used by John Locke. The legitimacy of management is based on the silent consent of all. The clear-cut role and function of corporate leaders can be based on this "social contract":

". . . in the comprehending acceptance of it by the community. In return, the corporate leaders would have to meet the expectations that the community in our time has of them. Their mandate can never be anything but conditional, but they do need a mandate in order to fulfill their function (p.33)[8]"

The point made there is that leadership – the people who are in charge of management – within the business organization has an important social function. Leadership derives its legitimacy from society's acceptance. In return for this mandate, the corporation must be prepared to carry out a socially responsible policy and justify it to society.

The management variation of the functional model contains an odd inconsistency, at least if one thinks of management as a team. This, too, is a collective, but one that seems less problematic because it is easier to watch over. But the question addressing the inconsistency then would be: why is it acceptable to speak of the collective responsibility of the team, and, that being given, unacceptable to speak of an autonomous corporate responsibility? Isn't speaking of a moral collective responsibility of the management already acknowledging degrees of autonomous corporate moral responsibility already? Can this team responsibility be reduced to individual responsibilities or does the team have an autonomous responsibility? If one opts for the latter, one is opting for a form of autonomous corporate responsibility.

8 Kuin, P. *Social Responsibility: There's more to management*. London: Uniliver. 2014

2.2 The participants' approach

Similarly, the participants' approach applies Kuin's reasoning, but it does so to all employees. After all, managers are simply part of the employees of the company. Furthermore, it is held as true that everybody having a role in the corporation contributes to its overall result. All participants have a role and degree of moral responsibility with regard to the functioning of the corporation. This is the reasoning of people such as the former CEO of Shell, Gerrit Wagner:

"The persons in the company are personally responsible for ensuring that their actions meet ethical standards. They must ensure that the organization as whole acts in a manner acceptable to society. There is, of course, a gradation of responsibilities, and higher-ranked functionaries bear more responsibility for the corporation than others do in ethical and social areas as well[9]."

2.3 Criticism of the functional model

The main criticism of the model concerns what follows: were it the case of ascribing moral responsibility to one business organization for the (harmful) consequences of its action, according to the model, all the responsibility would be ascribed to natural persons on behalf of the organization: this is because, according to the model, corporate action only exists in terms of the action of the individual organizational members.
In the light of this, at least three problems can be identified in the functional model (Kaptein, Wempe 2002, p.24):

1. The *transfer problem*: is responsibility transferable throughout time?
2. The *dispersion problem*: how is responsibility divided at a given moment?
3. The *complexity problem*: how should one cope with the complexity characterizing the arrangments of contemporary business organizations, in particular, those such as large corporations?

9 Wagner, G.A. 1979. *Beschouwingen van een Ondernemer*. Kampen: Kok: p.89.

Let us first examine the *transfer problem*. What are the implications of attributing moral responsibility – and, eventually, have one subject to reprimand or punishment – to one business organization, such as a large corporation, if the managers and employees are suddenly replaced? As extreme as this example might seem, the problem is real. For instance, what remains of the moral responsibility (and the relative implications) of the various German companies who used forced labor during the Second World War? Those companies have become what they are today partly because of their success at that time. The extent to which companies are responsible for pollution raises similar questions. During the 1950s and 1960s, various companies polluted the environment relatively unhindered. In many cases, the consequences of what they did surface only decades later. This is not a purely theoretical question, as someone actually has to bear the burden of cleaning up polluted areas. If people took risks in the 1950s and 1960s, the companies in question retain a certain moral responsibility even today. This holds true even if it was management who ignored the signals or even if people underestimated the possible cumulative effects of their work (with remarks such as "the amounts are negligible" and "it will be okay during my lifetime"). It is reasonable to say that these companies are at least obliged to respond for and, hence, repair the damage as best they can and to take sufficient organizational measures to prevent similar problems in future. In the functional model, this responsibility disappears.

A second problem with the functional model relates to the question of the distribution, or *dispersion*, of responsibility at a given moment. For instance, say that a corporation's management comes to the conclusion that large-scale cutbacks have to be made and a number of people have to be fired. This thankless task falls on the shoulders of the personnel manager. Who can be held responsible for the decision? Perhaps the manager involved doubted the appropriateness of the decision. Perhaps he abstained from voting or even voted against the decision. Regardless of what he thinks of the decision, he will have to carry it out. Only in clear-cut situations and where fundamental issues are at stake might one expect a manager to refuse to go along with a decision to which he is fundamentally opposed. What the manager can be held responsible for is not clearly defined in a case of collective decision-making. It is a responsibility that cannot be traced back to individual responsibilities.

And finally, the functional model of responsibility cannot escape the exponential increase in the size and *complexity* of corporations. Acquisitions, mergers, and joint ventures have led to colossal amalgamations of companies. Complex organizational structures have also developed in order to react efficiently and adequately to signals from a turbulent market. An increase in size and complexity has radical consequences for how a corporation can and should deal with its responsibilities. Managers must to a great extent place their trust in the employees who represent the corporation. The simple organizational structure, where management bears the ultimate responsibility for what the corporation does and where employees are only responsible as woodcutters and water-bearers, no longer applies to modern corporations. Many corporations have achieved such a size and complexity that it is no longer possible to hold management morally responsible for everything the corporation does.

Observations on the problems of transfer, dispersion, and complexity shed light on the relatively autonomous processes that also take place in business organizations. A multitude of actions (based on the limited knowledge of individual players, the multiplicity of reactions to what is undertaken without the effects of the actions being sufficiently clear) have turned business organizations, and, in particular, large ones like corporations, into multi-dimensional social entities, which, once started, are difficult or nearly impossible to control. Yet, the proponents of the functionalist model have chosen not to acknowledge any degree of (moral and action) autonomy on the part of these organizations. Rather, they try to resolve these problems by linking responsibilities to jobs and to distinguish them from personal responsibilities: for instance, obligations created by one's predecessors often stay part of the job forever.

Two sources of responsibility are thus acknowledged. Every person has a personal responsibility that does not disappear when participating in a corporation. A person also has an additional responsibility related to the function fulfilled. The content of the functional responsibility grows over time, partly through the various functionaries that carried out the job in the past. Furthermore, the content of one job is defined in relation to other jobs. The functional model thus includes an organizational component to account for the moral responsibility to be eventually attributed to the people within the organization.

That being given, I believe that to resolve the transfer problem, the dispersion problem and the complexity problem an autonomous organizational component has to be fully, not only partly and ambiguously, acknowledged. To hold individual functionaries accountable for the functioning of the corporation is an attempt to salvage individual responsibility. People are reluctant to hold collectives responsible because individuals could use this to pass their responsibilities onto the collective. But relating responsibility purely to individuals and to the functions these individuals perform does not capture the nature of corporate moral responsibility. It offers no adequate solution to the problem or no solution other than reducing moral responsibility, its implications and its being attributed to individual representatives of the organization.

Ultimately, the model neglects the crucial fact that, to the extent that a job is defined within the context of an organization, the organization is itself responsible for the actions – and relative consequences – carried out by the one(s) to whom the tasks related to that job were assigned.

2.4 Ontological individualism versus Organizational Ontology

Both the amoral and the functional model of corporate responsibility rely on a form of ontological individualism on the basis of which *The* corporation does not exist and can, therefore, not act and be itself subject to moral responsibility ascriptions (possibly implying reprimand or punishment to be assigned to the organization itself).

All that really exists are the individual employees, managers, stockholders, etc.: the business organization – *the* corporation – is nothing more than the sum of a number of individuals and, as a consequence, the actions of the corporation are nothing more than the actions of individual employees or managers.

This very assumption renders the concept of one business organization, such as a large corporation, understood as an autonomous moral entity virtually meaningless.

In drawing from Ontological Individualism, the amoral model would suggest what follows: for instance, were it a scandal involving degrees of social and environmental damage caused by some corporate action (such as, in the case of Volkswagen, distributing cars that pollute to higher rates than the company officially declared), the moral responsibility for such an action (and, hence, the reprimand or punishment) would be straightforwardly attributed to one or more natural persons involved in the business organization, on the grounds of possible personal motives at the basis of such action. The role of the organizational context where these persons carried out the action, and the influence of this very context on these persons' action – having these persons a role to be fulfilled within the organization – would not even be taken into account. Even where these people may have, for instance, been led to act in a way that generated harmful social, environmental consequences in virtue of mechanisms operating within the organization whose functioning does not depend on the natural persons'/organizational members' will. What if the action, or the chain of actions causing that harm, even though participated by natural persons within the organization, was not the result of deliberate intention of one (or more) of these persons? What if these persons, in the quality of members of the organization, were led – exactly in virtue of their particular role in that context – to act so as to contribute to the harm caused on behalf of the organization.

Whereas, in drawing from Ontological Individualism, the functional model is somehow ambiguous: in the model responsibility can be ascribed to one business organization by having it ascribed to one (or more) of the members of the organization – to whom moral responsibility can be ascribed precisely on the grounds of being in the situation of fulfilling a role within the structure of the organization! The proposition that individuals can be ascribed moral responsibility in quality of organizational members and, hence, on the grounds of fulfilling a role within the organization (which belongs in the functionalist discourse) is in contradiction with the claim (that also belongs in the functionalist discourse) that the actions of the corporation are nothing more than the actions of individual employees or managers.

It is so in that moral responsibility is *partly* linked to fulfilling a role within the structure of the organization. Once this step is taken, a purely individualistic view of corporations is no longer possible. We must, then, proceed to an organizational ontology: the whole is more than the sum of the parts. If we accept that one business organization, such as a large corporation, is not simply the sum of its individual members, but an autonomous entity in itself, it also becomes possible to speak of moral responsibility ascriptions to such an autonomous organizational entity – as opposed to the individuals part of it.

3.The Autonomy Model

The autonomy model signifies the first attempt so far to establish degrees of moral autonomy – on the basis of which moral responsibility can, consequently, be attributed – on the part of entities such as business organizations. The amoral and functionalist model both argued against such a thing as a corporate moral autonomy, on the grounds that there is no such a thing as "the" organization understood as an autonomous entity to whom moral responsibility – and, hence, its consequences, could be attributed – could be attributed. At best, they argue, moral responsibility for the harmful consequences of some action on behalf of one business organization could be attributed to the organizational members. The autonomy claim advanced in the model is based on Premise 1/Assumption in my argument[10]. The point of the present section (3) is to argue that the autonomy model – inasmuch as trying to support the corporate moral autonomy position – fails to satisfy the above-stated assumption; and to present an alternative account of corporate moral autonomy based on Premise 2 and 3 of my argument (which I will also defend). In the following section, I argue for an ethical model of corporate moral responsibility that is based on the just mentioned account of corporate moral autonomy.

So, it is assumed that for a subject to be considered an autonomous moral subject, the subject must be acting intentionally – since intentionality constitutes the grounds for moral responsibility ascriptions to subjects as moral agents. More precisely, (Premise 1/Assumption) in order to be ascribed moral responsibility[11], one must be considered a moral entity and, hence, act upon intentions that can be assessed from a moral standpoint, so as to determine whether one deserves reprimand or punishment. For literature about this topic and its discussion in the domain of corporate activity, see Donaldson (1984), List and Pettit (2011) for examples, Copp (2006) .

From this follows that a corporation can only be held morally responsible if it knows what it is and what it is doing, as moral subjects normally do. The intentionality of a corporation, in principle, entails that the corporation has its own will and that is able to reason. Without any kind of self-

10 In order to be ascribed moral responsibility, one must be considered a moral entity and, hence, act upon intentions that can be assessed from a moral standpoint, so as to determine whether one deserves reprimand or punishment.

11 The responsibility in terms of being subject to reprimand or punishment for the (harmful) consequences of one's action

awareness, corporate moral responsibility – together with its implications in terms of assigning reprimand or punishment to whom moral responsibility would be attributed – is an empty concept.

So, according to the autonomy model (as I will discuss it in this section), business organizations qualify as moral subjects since they can be considered in themselves intentional agents. The organizations cannot be understood simply as a plaything of market forces – as argued by the proponents of the amoral model, or completely determined by the actions of one or more individuals – as advanced by the proponents of the functionalist model. Both the amoral model – the variant in which personal responsibility is acknowledged – and the functional model, are grounded in ontological individualism. In contrast, the autonomy model opens the way for adopting a holistic methodological approach.

Peter French's *corporate internal decision structures theory* (1984) is one of the most acknowledged variations of the autonomy model, where the individual actions of functionaries can be viewed as the actions of the corporation, due to the existence of a decision-making structure. Then, because the actions of the corporation are based on autonomous corporate intentions, they can be judged in moral terms.

3.1 The corporate internal decision (CID) structures theory

According to Peter French, a business organization, such as a large corporation, is a moral person that is capable of acting. The actions of the corporations can, therefore, be analyzed and judged in moral terms.

As early as the beginning of the 1970s, Peter French became involved in the discussion on collective responsibility. This was initiated in response to the massacre perpetrated by US soldiers in My Lai. At the beginning of the eighties, he started looking into corporate moral responsibility.

According to French, persons acting collectively can be distinguished in two types: aggregates and conglomerates (1984 p.17) These two types of collectives respectively refer to an unstructured and structured collection of individuals. Aggregates can be divided into coincidental aggregates and statistical aggregates. A coincidental aggregate refers to a more or less coincidental group of people, for example, the residents of a street or spectators at a sports event. In the latter, interest in the same game brings people together. In a statistical aggregate, people are categorized on the basis of a given characteristic, for example, people of a certain age group or the unemployed in a region. It is characteristic of all sorts of aggregates that there is no question of cohesion or structure. Nor is there any solidarity. In these respects, an aggregate differs from a conglomerate.

That is because a conglomerate is an "organization" of individuals. That is to say, the identity of a conglomerate cannot be comprehensively described by adding the identities of the individuals together, as opposed to an aggregate. Or to say that what can be attributed to the conglomerate cannot necessarily be ascribed to its members. Members joining or leaving the conglomerate do not necessarily affect the identity of the conglomerate. In the case of aggregates, since an aggregate can be comprehensively described by putting the characters of the individual members together, its moral responsibility is nothing more than the sum of the responsibilities of each individual forming the aggregate: each member is responsible according to his share. By contrast, the moral responsibility of a conglomerate cannot be distributed among its members. This is because the characteristics of a conglomerate cannot be reduced to the sum of individual characteristics. In a situation where all the members of a conglomerate quit and are replaced by new members, the responsibility of the conglomerate remains unaltered.

Usually, two objections are raised against attributing moral responsibility to conglomerates such as corporations. The first is that a corporation consists of persons. The employees, stockholders, suppliers, banks, etc. collectively create the corporation and keep it going. The corporation can, therefore, be seen as the product of human efforts. Moreover, people also safeguard its future. In response, French argues that recognizing a separate moral actor is not to suggest that the individual members change their identity. A common criticism against positing a supra-individual entity is that individual identity would be radically altered as a result. French argues that attributing moral responsibility to a conglomerate does not automatically imply that the individual identity, and therefore individual responsibility, changes (1984 p.38) The second reservation that is often advanced is that it would be unfair to blame well-meaning constituents for things the conglomerate does. For French, this reservation misses the point. His theory does not suggest that the responsibilities of the conglomerate and those of the constituents are one and the same thing. The distinction between individual and collective responsibility prevents this confusion. According to Peter French, a corporation is a moral person that is capable of acting. The actions of the corporations can, therefore, be analyzed and judged in moral terms.

Briefly summarized, French's reasonings goes as follows:

1. A metaphysical person is always a moral person.
2. A business organization, such as a large corporation, is a metaphysical person and, therefore, a moral person.
3. It is justified to speak of the actions of a corporation.

Conclusion: one business organization, such as one large corporation, is a moral person who is able to act. In other words: the actions of a corporation can be judged in moral terms.

A moral person is an independent, irreducible subject to whom moral responsibility – in terms of being subject to reprimand or punishment for the (harmful) consequences of having acted – can be attributed. When we attribute moral responsibility to a person, notions of "being accountable" and "owing an explanation" are an object of demand. This is because moral responsibility is, in the first instance, substantiated and localized in the intentions of the subject, which should be straightforwardly explainable on the part of the subject. Namely, we say that a person can only be held morally accountable (moral personality) in the presence of self-awareness or self-consciousness. The subject must be capable of giving answers and seeing his/her own actions objectively. A metaphysical personality implies that an occurrence can justifiably be described as an intentional act by the subject, insofar as the subject can explain the own intentions on the grounds of which he/she acted. So, the intentionality of a subject is a necessary and adequate condition for the moral personality of that subject. Consequently, only a metaphysical subject can be a moral subject. In French’s words:

"To be the subject of an ascription of moral responsibility, to be a party in responsibility relationships, hence to be a moral person, the subject must be at minimum an intentional actor (1984 p.38)"

It is worth noticing that an event can often be accurately described in various ways. "Monica touched Bill's face" can be reformulated as "Monica hit Bill." If we think about it, certain events that can be seen simply as movements of natural persons can also be described as the actions of subjects that arise from the intentions of those subjects. In this way, an action can be described as that of a functionary, and, at the same time, as that of a corporation. The corporation can have intentions that do not coincide with the intentions of the functionary.
With regard to such a circumstance, according to French, it is due to the Corporate Internal Decision (CID) structure that the actions of an individual functionary can be reformulated as those of the corporation. On the basis of the CID structure, a distinction can be drawn between the intentions of the corporation and the intentions of the individual members constituting the corporation. The CID structure consists of a formal decision-making structure and of recognition and acknowledgment rules:

1. The *formal decision-making structure* is usually represented using an organizational flowchart that delineates stations and levels within the corporation. The organizational chart of a corporation distinguishes players and clarifies their rank and maps out the interconnected lines of responsibility within the corporation. For French, this is not simply an idealistic concept conceived at the office desk, but the structure of responsibility as it actually exists.

2. The *recognition and acknowledgment rules* are the rules by which decisions can be recognized and acknowledged as corporate decisions. These rules determine the intentional character of the actions of the corporation. They consist of procedural and policy recognition and acknowledgment rules. Procedural acknowledgment rules indicate which competence belongs to whom, who must take which decision, and whose approval is needed. It is not sufficient for the proper person to take a decision according to the proper procedure. This decision must also fit into the corporate climate and the company objectives. Members must feel that the decision is one that serves the corporate interest. The policy recognition and acknowledgment rules implicitly refer to the company interests and, therefore, the corporate intentions.

Thanks to the CID structure, a corporation has its own interests and acts like a conceivable agent in the pursuit of them. On this basis, its intentions are distinguishable from those of the individual functionaries. As such, decisions of the individual functionaries are literally incorporated into those of the corporation. The CID structure makes it possible to view individual decisions as corporate decisions under certain conditions. Also, owing to the CID structure, the corporation has its own intentions that cannot be traced back to the intentions of individual persons. Donaldson (1984) criticizes French's "redescription" theory on a fundamental point. He agrees with French's proposition that a corporation can act, but questions the moral character of these actions. According to French, the action of a corporation can be judged in moral terms because it is intentional: it is conscious and focused. In response, Donaldson asserts that showing that a corporation has intentions is not to prove that a corporation is also a moral actor:

"Sometimes entities appear to behave intentionally which do not qualify as moral agents. A cat may behave intentionally when it crouches for a mouse. We know that it intends to catch the mouse, but we do not credit it with moral agency . . . A computer behaves intentionally when it sorts through a list of names and rearranges them in alphabetical order, but we do not consider the computer to be a moral agent. Perhaps corporations resemble complicated computers; perhaps they, according to a complicated inner logic, function in an intentional manner but fail altogether to qualify as moral agents . . . One seemingly needs more than the presence of intentions to deduce moral agency (1984 p.40)"

French attempts to set Donaldson's criticism aside by formulating sharper criteria for intentional action. The behavior of a cat or a computer cannot be regarded as a primitive form of intentional action because the focused character of this behavior is entirely a function of the cat's instinct or the computer's program. The intentions of corporations, however, cannot be traced back to individuals. Intentionality is characterized by self-awareness. An intentional subject is capable of selecting a specific objective among others, of choosing between different actions to achieve the intended result, and evaluating the value of the intended result in the face of the effort required. Just as Donaldson's computers, cats, and other lower animals cannot be seen as intentional actors. Corporations, on the other hand, can.

3.2 Criticism of the the Corporate Internal Decision (CID) structures theory and the autonomy model

The main observation regarding the autonomy model relates especially to the manner in which the concept of action is incorporated into the arguments of the proponents of the model, as it happens to be the case with French. French – and, for that matter, the proponents of the autonomy model – try to discern an autonomous corporate responsibility and they assume that, to achieve this, it must be shown that a business organization, such as a large corporation, is an intentional agent: that a corporation can act on the grounds of own intentions and be, hence, attributed moral responsibility – in terms of being subject to reprimand or punishment – for the (harmful) consequences of having acted. On the grounds of such an assumption, the action of the corporation is a necessary condition for holding this entity as morally autonomous (acting on the grounds of own intentions) and responsible (being attributed moral responsibility on the grounds of having acted upon own intentions). So, in order to apply common action-oriented theories in the corporate setting, something resembling action on the part of the corporation must be “constructed”.

If we take into account that general ethical theories were developed to evaluate human actions, the attempts made by French and the others upholding the same view with regard to responsibility and action is understandable. Once again, on these grounds, in order to apply ethical analysis to business organizations, such as large corporations, degrees of action that can be evaluated must be observed and understood so that they straightforwardly relate to an autonomous corporate entity having carried the action out. But the problem with this approach is that in situations where "corporate action" is difficult to identify, we can no longer apply moral norms and, hence, we cannot formulate any moral responsibility ascription on that basis: for instance, what happens when – like in the emissions scandal case involving Volkswagen – it is not actually straightforward to whom the moral responsibility – and, hence, the relative implications in terms of reprimand and/or punishment – should be attributed: to the organization itself, one employee, several employees or every member of the organization.

3.3 The problem of action and the concept of "secondary" action

Corporate action is a series of primary actions – actions carried out by individuals – that can be developed at various places and at various times. Such primary actions become a new action – secondary (or functional) action – because they are developed in relation to one another and with a joint objective in mind.
This can be illustrated with one example:

Two men, A and B, are carrying a metal bar. The joint activity cannot be fully described as a series of actions by A and B that can then be reformulated as individual acts of the collective. In describing the primary action, one must also refer to how A and B coordinate their actions and the objective they are trying to achieve by cooperating with each other. This is required for understanding it as a collective action. Only then is it possible to describe the joint activity adequately: their lugging the bar.

3.4 The entanglement of primary and secondary action in practice

French seems to neglect the connections between various events that result from the mutual interweaving of the various types of actions. Functional (secondary) action may be distinguishable from an individual (primary) action in abstraction, but in practice, such a distinction is virtually impossible (Kaptein Wempe 2002, p.62). The fact that a business organization is considered capable of acting does not mean that we can distinguish the actions of the corporation from the actions of the individual members that constitute it. If analyzed from an autonomy perspective, individual and corporate actions are often so entangled that it becomes impossible to determine exactly what actions can be attributed to the corporation and what to the individuals. If corporate actions cannot be clearly localized, it is also impossible to apply action-based theories.
For example, regarding the Volks Wagen emission-rates scandals – which I will extensively cover in Section 5 it is really not clear to whom moral responsibility for the environmental and societal consequences of such an action should be attributed and whose fault is: the organization, one

employee, more employees, or everyone in the organization.

3.5 Secondary action that does not flow from corporate intentions

The proponents of the autonomy model, as we have seen, claim that one business organization, such as a large corporation, can be attributed moral responsibility for the (harmful) consequences of its action insofar as the corporation acts upon its own intentions. There is an implication here, that I will criticize: when someone acts without the necessary authority or in conflict with the corporate objectives, we cannot speak of corporate action. This means that almost no immoral activity of corporate functionaries that appears to be informed by something other than the principles and the formal rules upheld in the particular organization where these functionaries are members can be held against the corporation, which sounds odd. For example, if an employee of a corporation released poisonous gases into the environment as the result of the functioning of one of the company's products he created, the company can only be held responsible if this action conforms to corporate policy. So understood, the criterion of corporate intentions makes it straightforward to ascribe almost all immoral actions of the corporation to natural persons. Only when the corporation pursues immoral objectives and when corporate actions are based on clearly formulated corporate intentions, can immoral actions be blamed on the corporation itself. The corporation's moral responsibility for secondary actions where immoral objectives are consciously (thus, intentionally) pursued is clear.

But the difficult cases concern situations where the corporation pursues commercial objectives where an insufficient account is taken of the fundamental interests of others. This involves not the conscious pursuit of immoral objectives, but the unintended neglect of the moral aspects of a given issue. The corporation can argue its responsibility away by treating the action of the functionary as an action taken on personal authority. In doing so, the corporate responsibility disappears.

To evaluate the corporate function, it is necessary to find out whether the organization is, in its functioning, keeping track or neglecting what its employees are up to, and the relative consequences of this doing on behalf of the organization.

Now, as we saw in the beginning of this section, in order to successfully formulate corporate moral responsibility ascriptions (i.e. holding one business organization such as a large corporation responsible – and, hence, subject to reprimand or punishment – for the consequences of its harmful action), it becomes necessary to consider and assess on moral grounds the intentions behind the corporate action, as the corporation must be an autonomous moral entity – hence, acting on the basis of its own intention – in order to be attributed moral responsibility – in terms of reprimand or punishment – for the (harmful) consequences of its action. Even though, apparently, in certain cases – like those considered above – no clear corporate intention and action can be observed and discerned.

If we think about it, the corporate action takes place in a cooperative context where everyone parts of the business organization is, indeed, supposed to cooperate in order to realize the highest payoff as a consequence of interacting with each other in that particular context. But it is the organization to direct or guide its members' action and activities in such a cooperative context. Without such guidance – and the joint objective to be fulfilled on its basis by individual members – members' action would be nothing more than each member's individual action. There would be no cooperative intention underlying the action. So, even where it is possible to relate corporate action to a number of subsidiary actions of the personnel, the way in which their actions is coordinated is what qualifies this series of primary actions as a corporate action: these actions (just as an obvious lack of them) can be attributed to the organization because in that very context – in the organizational context – they direct or guide employees. This directive role opens the corporation to potential criticism. What is the intent of the direction given? Are employees given responsible directions? Even though no clear corporate action can be discerned, the issue of the corporation's culpability (the issue of corporate moral responsibility) still remains. Nor does the lack of concrete action rule out the possibility of moral judgment.

A business organization, such as a large corporation, can be described as an entity that displays itself both internally and externally through various "expressions"[12], such as the behavior of its managers and employees, its verbal and visual messages, and its symbols. Every business organization can be observed to express itself through patterns. That is to say, every business organization has its own, particular way in which managers-employees relationships are arranged; but also, each organization has its own, particular way in which visual messages are delivered – such as, for instance, by associating a particular symbol to the particular brand being promoted. In

12 This – the concept of (corporate) expressions – and the concept of "practices" (to follow) are inspired by the concepts as presented in Kaptein, Wempe 2002b, p.72.

general, each and every organization expresses itself, in particular, own ways. The patterns in these expressions, the fact that they are more or less stable, and that these expressions are actually observable make it possible for internal and external parties to recognize and distinguish one organization from the other. So, even where it is possible to relate corporate action to a number of subsidiary actions of the personnel, the way in which the personnel's action is coordinated is what qualifies this series of actions carried out by the personnel as a "corporate" action: these actions (just as an obvious lack of them) can be attributed to the organization because in that very context – in that very organizational context – the particular organization provides guidance and directions (including and not limited to as much as the written as consuetudinal rules, codes of action etc.) to which employees look and abide in structuring their action insofar as they are precisely acting in quality of organizational members.

3.6 Corporate expressions as "practices": the alternative to the agency-based argument to establishing Corporate Moral Autonomy [premise 2, 3]

The term "corporate practice(s)" will now be employed to refer to the above mentioned corporate expressions. A practice is defined as a more or less stable and coherent pattern of expressions in a cooperative context – such as, for instance, the organizational one. With respect to business organizations, it refers to those aspects of the organization that actually guide or direct employees. With practices, we are neither concerned with the rules, procedures, and power relations as they are set down in an organizational chart nor with an explicit code of conduct formulated by the organization's management. Rather, the focus is on structural mechanisms that give directions to employees with regard to action: these mechanisms, or, these "practices", include the tasks, responsibilities and procedures, relationships, norms, and values, etc. that are actually expressed in the action of organizational members.

We have seen that when it comes to attributing moral responsibility – in terms of being subject to reprimand or punishment for the (harmful) consequences of one's action – it is assumed that for a subject to be considered an autonomous moral subject, the subject must be acting intentionally – since intentionality constitutes the grounds for moral responsibility ascriptions to subjects as moral agents. More precisely, (Premise 1/Assumption) in order to be ascribed moral responsibility[13], one must be considered a moral entity and, hence, act upon intentions that can be assessed from a moral standpoint, so as to determine whether one deserves reprimand or punishment.

That being given, practices form the grounds upon which a business organization, such as a large corporation, can be regarded as an autonomous moral entity: corporate practices embed corporate identity and intention. More precisely, provided that one, be this one an individual or a collective, must be considered an autonomous moral entity – and, hence, an entity that is self-aware and acts upon own intentions – in order to be ascribed moral responsibility (and the relative consequences in terms of reprimand or punishment; corporate practices form the grounds upon which a business organization can be regarded as an autonomous moral entity so that it can be ascribed moral responsibility – implying the possibility of being subject to reprimand or punishment for the (harmful, towards the society and the environment) consequences of activities carries out on behalf of the corporation. Corporate practices form these grounds by establishing the identity and the intention of the autonomous moral entity that the corporation, indeed, is, in the following terms:

for one, the structured nature of corporate cooperation – expressed and observable in the corporate culture and structure, as I will characterize these corporate features in the following paragraphs – allows us to identify and distinguish one particular business organization, such as one large corporation, as much from any unstructured group of individuals or mass of people as from other corporations. In other words, this structured nature of corporate cooperation establishes something like "corporate identity", as I will argue in the following paragraphs.

Then, provided that business organizations such as large corporations direct their activity, the activities carried out by their members, observing specific principles and (formal and informal) rules that are embedded in the culture and the structure of any particular organization; business organizations can be legitimately said to act intentionally, as any autonomous moral entity would. Thanks to corporate intentions that are embedded in the culture and structure of a business organization, it is possible to establish whether certain activities – carried out by particular organizational members, or groups of members – do, indeed, flow from the business organization – from its intentions, as they would flow from any autonomous moral entity's intentions – or not.

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13 The responsibility in terms of being subject to reprimand or punishment for the (harmful) consequences of one's action.

I will also argue this point in the following paragraphs.

Furthermore, and as the last point in support of which I will argue in the paragraphs forming the present section, the multiplicity of corporate expressions displays a regularity that an observer can recognize. The observer can draw one aspect from one corporate expression and connect it with another. (Premise 3) As I will argue, insofar as the action of organizational members is guided and directed by the practices characterizing the organization, just as improper conduct can raise doubts about the moral legitimacy of the intentions of a natural person, abuses as the result of the behavior of an employee can also raise doubts about the direction the employee received with regard to how to act within the corporate context. In other words, does the abuse indicate systematic abuse or just an incident? Is the organization systematically focused on meeting its responsibilities? What are the anchoring beliefs of the corporation? Does the organization encourage its employees to meet responsibilities or does it pose obstacles? As I will argue, in order to make corporate identity and intentions observable, the context within which the actions of the corporate representatives do or do not occur has to be studied. Does the context promote an acknowledgment of the responsibilities with respect to society? What is done to protect the environment? The real identity and intention of the autonomous moral agent that the organization can be read from the activities carried by the employees as directed within the context of a particular corporate culture and structure.

To sum it up briefly, the point is that (Premise 2) Business organizations such as large corporations can be considered autonomous, collective moral entities whose identity and intentions – necessary conditions for moral autonomy on the part of one individual or collective entity, as already established in Premise 1 and above in this paragraph – lie in their practices[14]. Then, these practices constitute the grounds upon which a business organization, such as a large corporation, can be regarded as an autonomous moral entity by:

(1) establishing the organization's identity, and

(2) by establishing the organization's intentionality (the conditions, rules, habits, the ingrained customs, incentives, and stimuli that structure and that become visible in actions carried out by

14 Practices are the tasks, responsibilities and procedures, relationships, norms and values incorporated in the culture and structure of each organization. Practices define the organizational identity and guide the action of organizational members.

individual or group organizational members).

(3) Furthermore, the observer can draw one aspect from one corporate expression and connect it with another, (Premise 3) as these practices are observable in the organizational members' action.

With regard to what has been discussed in the previous sections, as opposed to what the Amoral and the Functional models do in terms of characterizing corporate moral responsibility, where the former in terms of an empty, meaningless concept; and the latter strictly in terms of the responsibility of the organizational members; the practice-based account is based on the idea that practices constitute the grounds upon which a corporation can be regarded as a moral entity by establishing the conditions, rules, habits, the ingrained customs, incentives, and stimuli that structure individual actions and that become visible in individual actions on the part of the individual corporate functionaries. So, the object of ethical evaluation is not incidental actions, but rather the context that compels stimulates, or tempts these individual corporate functionaries to act. It is precisely this organizational context that is susceptible to change and adjustment, were one organization, such as, for instance, a large corporation to act in a potentially dangerous way to society and the environment and were, subsequently, ascribed moral responsibility –hence, subject to reprimand or punishment for the harmful consequences of that action – so as to make sure the same (or other) dangerous actions are no longer carried out in the future.

3.7 The dimensions of corporate practices

We have seen that the multiplicity of corporate expressions displays a regularity that an observer can recognize. The observer can draw one aspect from one corporate expression and connect it with another. Yet, of course, this regularity does not arise spontaneously, on its own. One assumes that something lies at the basis of the regularity that directs the various expressions. Corporate practices, the pattern that is recognizable in the expressions of the corporation, are “caused” by two usually connected types of organizational structuring mechanisms. Firstly, the tasks and responsibilities, rules and procedures (i.e., corporate structure) structure the actions of individual members of the organization. Secondly, this regularity arises through ideas, expectations, and customs (i.e., corporate culture) that are shared among those involved. The corporate culture and structure are the result of developments that the organization has undergone in the past (i.e., corporate tradition) and are, in addition, aimed at achieving the actual corporate goals (i.e., corporate strategy).

3.8 The Corporate Structure

The patterns that can be recognized in the actions of persons within an organization have both formal and informal aspects. The formal dimension (the organizational structure) concerns the tasks (jobs) that persons or groups of persons fulfill in the organization. The function – not the person who fulfills it – is key. The organizational structure directs the tasks and responsibilities that belong to various functions and determines the relationships among these. The distribution of tasks and responsibilities is usually at least partly set down in a sort of organizational chart and in corresponding, explicit decision-making procedures. These procedures concern formal responsibilities, that is to say, tasks and rules that set down who makes what decisions, what responsibilities belong to which functions, and which procedures should be followed. (For example, a decision is made by majority vote or by management after consultation with the staff council, etc.) It is the corporate structure that establishes the content of the jobs and that regulates the formal coordination among the various functions.

The corporate structure provides the formal acknowledgment of a decision made or an action carried out by the right person in the right way. In addition, it provides clarity and predictability for the person in the job and the stakeholders who deal with the functionary. Often, this explicitly formulated organizational structure fails to correspond with the corporation’s actual structure. Because the actual corporate function is key to making a moral judgment, the actual structure is very important. Accordingly, the following section on the culture of corporations pertains to this “actual” structure.

3.9 The Corporate Culture

The concept of corporate culture refers to a way of thinking, feeling, and doing that is unique to a specific corporation. It concerns the system of manners particular to a corporation. The corporate culture consists of features such as recognition and acceptance rules that establish what can be understood and acted upon as corporate interests and objectives for those involved. The rules for recognition and acceptance imply that decisions are also recognized and accepted by the organization as corporate decisions if they are made by the appropriate decision-maker using the correct procedures. In this way, the organizational culture contributes to distinguishing jobs or functions and coordinating them among the individual members. The culture of an organization settles the informal recognition and acceptance of an action or decision as a corporate action. For instance, a director is authorized to buy and sell stocks and uses this authority to sell these stocks at a nice price to himself as a private person. Although he is formally acting on behalf of the organization, it is not straightforward to consider this as acting in the interest of the organization. Indeed, this would not qualify as legitimate corporate action. Here the point is that the culture of an organization is not something that simply happens. It is not an uncontrollable natural phenomenon. Sometimes, organizations even use their culture to motivate and stimulate their employees with the aim of achieving corporate goals (Collin 1994).

3.10 The Corporate Tradition and Strategy

The corporate culture and structure are linked. Together, they form corporate practices. The tradition and strategy of a business organization stand out in its culture and structure that develop throughout time. Therefore, regularity in corporate expressions should generally be understood while also taking into account an organization's historical background. In general, new employees and managers undergo a process of socialization. They internalize the way things are done as they have developed a knowledge related to this in the corporation. In addition to the historical aspect, there is also a strategic dimension. The regularity in corporate expressions arises partly because the actions take place in order to achieve future corporate goals. Long-term cooperation can be seen as a signal that stakeholders have expectations that must be achieved in future.

3.11 The corporation as an autonomous moral entity

Now, it will be argued that corporate practice makes it possible to conceive the multitude of internal stakeholder expressions as cohesive and, therefore, as constitutive of the business organization. Due to the culture and structure that constitute the core of corporate practices, the organization can be seen as an autonomous, collective social entity with its own identity and intentions. On these grounds, the corporation can as well be viewed as an autonomous moral subject. The corporate culture and structure provide the grounds for judging one business organization, such as one large corporation, in moral terms. These features of the corporate practice can, in turn, also be the objects of evaluation.

So, organizational, corporate practices of each business organization make it possible to conceive the multitude of its internal stakeholder expressions as cohesive and, therefore, as constitutive of the particular organization. Due to the culture and structure that constitute the core of corporate practices, the corporation can be seen as an autonomous social entity with its own identity and intentions.

3.11.1 Corporate Identity

The structured nature of corporate cooperation allows us to identify and distinguish one particular business organization, such as one large corporation, as much from any unstructured group of individuals or mass of people as from other corporations. Thanks to the corporate culture and structure, a corporation is an autonomous entity. This implies that, if the corporation is criticized, it cannot simply hide behind other parties. It is thus possible to distinguish corporations from their individual stakeholders: as independent entities. Autonomy implies that what the corporation does or is, cannot be derived from other entities, at least, not completely. It is by virtue of this sort of autonomy that a business organization, such as a large corporation, can be regarded as a moral entity.

3.11.2 Corporate Intention

Corporate intention constitutes the grounds for evaluating one business organization, such as one large corporation, in moral terms – whether to praise or blame it. Issues such as IHC Caland's investment decisions that involved human rights issues and Shell's management of its environmental impacts are relevant in this regard (Kaptein, Wempe 2002). Criticism or praise is not given because there have been no incidents. The issue regards the intentions of the organization, what it is working towards and what it does to protect its stakeholders from harm. In order to make corporate intentions visible, the context within which the actions of the corporate representatives do or do not occur has to be studied. Does the context promote an acknowledgment of the responsibilities with respect to society? What is done to protect the environment? The real "intentions" of the organization must be read from the activities developed by the employees.

The intentionality of one business organization, such as a large corporation, entails that the corporation has its own will and that is able to reason. A corporation can only be held morally responsible if it knows what it is and what it is doing. Without any kind of self-awareness, the idea of corporate moral responsibility attribution and its implications in terms of reprimand or punishment are simply empty concepts. But business organization exhibit a will, an orientation towards certain objectives. Indeed, they make conscious choices that allow us to address them as particular organizations and as moral subjects. Thanks to corporate intentions that are embedded in the culture and structure of a business organization, it is possible to establish whether certain actions can be regarded as flowing from the organization or not. In view of corporate intentionality, it can be asserted that a business organization, such as a large corporation, stands for something and strives for something, on the basis of certain particular principles. In order to function effectively and efficiently, the corporate structure sets down who should make what decisions, as well as how and when these need to be made. Decisions are usually made after a number of meetings with various groups within the corporation. In such situations, the collective decision-makers generally see these decisions as compromises. The decision-making process contributes to the optimal realization of corporate intentions and decisions. Likewise, it confirms the existence of corporate intentions and the corporation's capacity for reasoning and decision-making.

Empirical research also points in the direction of the existence of autonomous corporate thinking and reasoning processes. Argyris and Schön have shown that individual learning may be a necessary condition for corporate learning, but that is not a sufficient condition. This knowledge must be embedded in the organizational structure and culture:

"We can think of organizational learning as a process mediated by the collaborative inquiry of individual members. In their capacity of organizational learning, individuals restructure the continually changing artifact called organizational theory-in-use. Their work as learning agents is unfinished until the results of their inquiry – their discoveries, intentions, and evaluations – are recorded in the media of organizational memory, the images, and maps which encode organizational theory-in-use. (1978 p.54)"

The structured character typical of the organization and its durability enables us to distinguish it from a number of people who incidentally work together. Cooperation within a corporation implies a certain tradition – an established way of doing things. These corporate practices guarantee a kind of internal alignment. The durability throughout time of the cooperative context is a necessary condition for being considered a trustworthy partner by stakeholders. In the absence of such a durable character, no stakeholder would be prepared to take risks such as investing capital. Customers would hesitate from buying a car if it didn't come with a warrantee and a guarantee on service. Nor would society have much trust in this framework if it is not possible to hold a corporation accountable for consequences that become evident only after a period of time. The corporate practices distinguish the corporation from individual internal and external stakeholders. At the same time, corporate practices constitute the basis for stakeholder trust and support of a corporation. In this manner, corporate practices contribute to a corporation's integration into its environment and to the possibility of judging and questioning a corporation on the grounds of this integrity.

3.11.3 Identity and Intention are both observable

Insofar as the action of organizational members is guided and directed by the practices characterizing the organization, just as improper conduct can raise doubts about the moral legitimacy of the intentions of a natural person, abuses as the result of the behavior of an employee can also raise doubts about the direction the employee received with regard to how to act within the corporate context. In other words, does the abuse indicate systematic abuse or just an incident? Is the organization systematically focused on meeting its responsibilities? What are the anchoring beliefs of the corporation? Does the organization encourage its employees to meet responsibilities or does it pose obstacles? In order to make corporate identity and intentions observable, the context within which the actions of the corporate representatives do or do not occur has to be studied. Does the context promote an acknowledgment of the responsibilities with respect to society? What is done to protect the environment? The real identity and intention of the autonomous moral agent that the organization can be read from the activities carried by the employees as directed within the context of a particular corporate culture and structure. For example, in the Volkswagen case study that I will cover in Section 5 – where the corporation was found guilty of cheating on official emission rates on the occasion of the release on the market of new vehicles – it is natural to think that some individuals are responsible, at least in part. But does Volkswagen itself bears some of the responsibility? It is of interest to notice that Volkswagen has blamed a small group of engineers. Yet, any careful analysis of blame in the Volkswagen case should consider a wide range of social influences – for example, Volkswagen's institutionalized commitment to aggression, and more local factors such as fear of those in positions of power on engineering teams, as I will argue in Section 5.

Temporary Conclusion

As opposed to what the Amoral and the Functional models do in terms of characterizing corporate moral responsibility, the former in terms of an empty, meaningless concept; and the latter strictly in terms of the responsibility of the organizational members; practices constitute the grounds upon which a business organization can be regarded as a moral entity by establishing the conditions, rules, habits, the ingrained customs, incentives, and stimuli that structure individual actions and that become visible in individual actions on the part of the individual corporate functionaries. The object of evaluation is not incidental actions, but rather the context that compels stimulates, or tempts these individual organizational members to act the way they do. It is precisely this organizational context that is susceptible to change and adjustment, were one organization, such as, for instance, a large corporation to act in a potentially dangerous way to society and the environment and were, subsequently, ascribed moral responsibility –hence, subject to reprimand or punishment for the harmful consequences of that action – so as to make sure the same (or other) dangerous actions are no longer carried out in the future.

4.The Corporate Integrity Approach[15]

and

Corporate Moral Responsibility

Now, insofar as the action of organizational members is guided and directed by the practices characterizing the organization (and, the organization's identity and intention, as we saw in Section 3), notice that, just as improper conduct can raise doubts about the "intentions" of a natural person, abuses by an employee can also raise doubts about the "intentions" – the specific principles and (formal and informal) rules that are embedded in the culture and the structure of any particular organization of one business organization directing the activity of its members – of the organization where the employee belongs, like we saw in the previous section (Section 3). Then, does the abuse indicate systematic abuse or just an incident? Is the organization systematically focused on meeting its responsibilities? What are the anchoring beliefs of the corporation? Does the organization encourage its employees to meet responsibilities or does it pose obstacles?

Like we also saw in Section 3, the organization itself can play a significant role in stimulating or discouraging responsible employee behavior. This guiding role is localized in the culture and structure of the organization and it is this guiding role to serve as grounds for ascribing moral responsibility to one business organization.

So, ascribing moral responsibility to business organizations such as large corporations is possible by observing and assessing the practices – the culture and structure – that guide the action of members

15 The present formulation of the Integrity Model is inspired by Wempe's and Kaptein's formulation (2002b). But it differs from the latter particularly with regard to the purpose – and, hence, certain details concerning the way the model is built – to fulfill. Both formulations of the model aim at supporting the claim that business organizations, such as large corporations, can be themselves attributed degrees of responsibility (and the related implications in terms of reprimand or punishment) insofar as they can be considered autonomous moral entities; and both at explaining and observing the mechanisms within the organizational context on the basis of which degrees of responsibility are, then, attributed within the same context. Yet, Kaptein's and Wempe's model is ambiguous with regard to the sort of responsibility – and the related implications – attributed to the organization precisely on the grounds of its demonstrated moral autonomy.

and bodies within the organizations, which practices constitute the core of the moral autonomy of the entity that "the" business organization is.

It is possible to do so by employing the Corporate Integrity approach, which consists of assessing to what degree one business organization has its practices (which practices are, as we saw in section 3, the principles and the formal and informal rules that guide the activity of the organizational members) simultaneously abiding by principles such as effort at sustaining ethically responsible organizational behavior and activities; taking into account the societal, environmental (and internal) consequences of the organizational activity in directing organizational conduct; aligning to the two previously mentioned principles throughout time, situation after situation. "Simultaneously", as it is not enough for a business organization to observe only one of those principles, or even two, where even just one is left unobserved. That is because the concept of Corporate Integrity actually refers to the degrees to which business organizations "integrate" these principles (i.e. abide by each of those principles at the same time and structure their activity accordingly). Furthermore, not only should the business organization display degrees of integrity – in the sense of abiding by the above mentioned ethical principles in an integrated way (abiding simultaneously to all of those principles or striving for such a goal) – on isolated occasions: an isolated instance of corporate activity is clearly not providing enough information with regard to the principles informing the practices characterizing the identity and the activity (hence, the intention) of the autonomous moral entity that a particular business organization is. It will be required, then, to observe the corporate activity that is object of ethical evaluation – employing the Corporate Integrity Approach – over a longer and consistent period of time, mainly to observe whether and to what extent the organization actually strives in order to abide by certain ethical principles (such as those described above) in shaping its practices and characterizing its identity and activity. Remember that, as argued in Section 3, these values are reflected in the activities carried out on behalf of the business organization, activities that are, in turn, directed by those practices. Then, whether one business organization, such as one large corporation, should be attributed moral responsibility and, hence, subject to punishment or reprimand (where, for instance, it happened to cause harm to the society or the environment, or both, by means of activities carries out on its behalf) will be determined by assessing the extent to which the organization to which the activity is attributed has – throughout its existence – abided by (and integrated) values such as effort at sustaining ethically responsible organizational behavior and activities; taking into account the societal, environmental (and internal) consequences of the organizational activity in directing organizational conduct; aligning to the two previously mentioned principles throughout time, situation after situation.

The formulation of the Corporate Integrity Approach I employ in the present analysis is inspired by the one presented in Kaptein, Wempe 2012. Yet, it mainly differs from it to the extent that what Kaptein and Wempe defined by the phrasing "Corporate Integrity Approach" is actually a theory of action, rather than a theory of ethical evaluation. Kaptein and Wempe talk about an approach to characterizing and describing what they conceive as responsible corporate behavior; whereas, in the present analysis, I am concerned with a theory of ethical evaluation of action. In my case, the focus is not – as in Kaptein and Wempe – on the criteria that should constitute the grounds for corporate action so that it results in "responsible" corporate action, but on what happens to the business organization once some activity on its behalf was already carried out. In other words, my analysis is not concerned with establishing how to structure action, but with how to ethically assess it. In Kaptein and Wempe such a notion as Integrity is supposed to guide the organizational activity, so that the latter results in "responsible" (conforming to Integrity) activity. In my analysis, Integrity (abiding by certain values throughout time in an integrated way on the part of a business organization) is the grounds on which some corporate activity having been carried out is assessed. For instance, were it the case of some abuse carried out on behalf of one business organization: does the abuse indicate systematic abuse or just an incident? Is the organization systematically focused on meeting its responsibilities? What are the anchoring beliefs of the corporation? Does the organization encourage its employees to meet responsibilities or does it pose obstacles?

4.1 Corporate integrity relates to the corporate ethical efforts that are localized in the corporate culture and structure

As anticipated above, it is worth noticing that just as improper conduct can raise doubts about the integrity of a natural person, abuses by an organizational member/employee can also raise doubts about the integrity of one business organization, such as a large corporation. The saying "one rotten apple spoils the whole barrel" captures this succinctly. Is the proverbial bad apple really representative of the rest of the barrel? Does it indicate systematic abuse or just an incident? Is the organization systematically focused on meeting its responsibilities? What are the anchoring beliefs of the organization? Does the organization encourage its employees to meet responsibilities or does it pose obstacles? To pick up on the rotten apple analogy, does the harvester actually pick the apples with care or are they simply shoveled off the ground and then carelessly stored and shipped? The organization itself can play a significant role in stimulating or discouraging responsible employee behavior. This guiding role is localized in the culture and structure of the corporation.

Like we saw in Section 3, the structure and culture set the multitude of corporate expressions into a coherent whole that is at the core of the moral autonomy of the corporation. Given its autonomy, the corporation is entitled to responsibility ascriptions and can also be called to account. That is to say, the grounds for moral responsibility – in terms of reprimand or punishment, for the (harmful) consequences of one's action – is embedded in the culture and structure of a corporation. Even if there is no concrete proof of objectionable behavior on the part of one or more members, the organization can still be held accountable. In the face of dilemmas, the corporation retains the responsibility for deciding which stakeholder rights and interests should take precedence over others and – as a consequence – which (be on the part of society or the environment) must suffer. A corporation operating according to the principle of integrity directs its activity – the activities carried out by its members – so as to make an effort at adopting ethically responsible behavior.

4.2 Corporate integrity refers to taking into account the societal, environmental (and internal) consequences of the organizational activity in directing organizational conduct

Rather, through its culture and structure, it should create conditions that stimulate the careful consideration and treatment of situations that could involve degrees of harmful consequences for society and the environment as a consequence

The corporate culture and structure greatly influence the way in which relationships with stakeholders are maintained and managed, and, henceforth, the outcome of those corporate actions that come to constitute the grounds for corporate moral responsibility attributions. Employee conduct and actions build and give content to these relationships. It can be argued that the integrity of their behavior lies in the extent to which conflicting interests are treated with care. The integrity of the outcome of corporate conduct is determined by the extent to which stakeholder interests are respected or neglected.

4.3 Corporate integrity is about repeated alignment and can be developed

In the integrity approach, the idea is not to only judge a corporation in one particular situation, but rather to base an evaluation on a longer period of time. This requires an examination and evaluation of the period during which actions occurred instead of treating conduct as isolated events. In order to assess the integrity of the outcome of corporate conduct, an examination and evaluation of the period during which actions occurred – instead of treating conduct as isolated events – is required. In the present analysis, Corporate Integrity refers the way one organization's efforts, conduct, and consequences are integrated. In this approach, corporate conduct should be based on good intentions. These, in turn, should be reflected in the consequences of conduct.

To base an ethical evaluation over a longer period of time – as opposed to assessing isolated instances of corporate activity – is useful because integrity is actually also about repeated alignment. Corporate integrity can be developed, guided, and improved precisely because it lies in those elements that corporations themselves can influence.

To sum it all up, the Corporate Integrity Approach consists of assessing to what degree one business organization has its practices (which practices are, as we saw in section 3, the principles and the formal and informal rules that guide the activity of the organizational members) simultaneously abiding principles such as: effort at sustaining ethically responsible organizational behavior and activities; taking into account the societal, environmental (and internal) consequences of the organizational activity in directing organizational conduct; aligning to the two previously mentioned principles throughout time, situation after situation. "Simultaneously", as it is not enough for a business organization that is willing to exhibit considerable degrees of integrity (understood in the sense employed for the present analysis, described above) to observe only one of those principles, or even two, where even just one is left unobserved. Corporate Integrity actually refers to the degrees to which business organizations "integrate" these principles (i.e. abide by each of those principles at the same time and structure their activity accordingly). Furthermore, not only should the business organization display degrees of integrity – in the sense of abiding by the above mentioned ethical principles in an integrated way – on isolated occasions: an isolated instance of corporate activity is clearly not providing enough information with regard to the principles informing the practices characterizing the identity and the activity (hence, the intention) of one particular organization. It will be required, then, to observe the corporate activity that is object of ethical evaluation – employing the Corporate Integrity Approach – over a longer and consistent period of time, mainly to observe whether and to what extent the organization actually strives in order to abide by certain ethical principles (such as those described above) in shaping its practices and characterizing its identity and activity. In this way, it is possible to determine whether one business organization actually deserves reprimand or punishment for the harmful consequences of activities carried out on its behalf. The reasoning that lies at the basis of such an approach goes more or less as follows: "In order to determine whether a business organization should be attributed moral responsibility (and the relative implications in terms of reprimand or punishment), let us ask, was the abuse on behalf of the company just an incident ? Or, perhaps, the inevitable, as a matter of time, consequence of corporate activities led by unethical, maybe dangerous, principles?" The answer to the question will determine whether the company deserves to be attributed the moral responsibility (and, hence, be punished) or not.

5.The Volkswagen scandal: can the corporation itself be ascribed moral responsibility?

Now, let us look at the recent, exploded in 2015, Volkswagen's scandal over cheating on official emission rates, of which the details I will cover in what follows.

For now, keep in mind that here we are presented with the question: can the corporation itself be ascribed moral responsibility for the harmful – towards the society and the environment – consequences of the activities carried out by organizational members of behalf of the very corporation? It is natural to think that some individuals are responsible, at least in part. But does Volkswagen itself bears some of the responsibility? It is of interest to notice that Volkswagen has blamed a small group of engineers. Yet, any careful analysis of blame in the Volkswagen case should consider a wide range of social influences – for example, Volkswagen's institutionalized commitment to aggression, and more local factors such as fear of those in positions of power on engineering teams.

The case study discussed here will help to illustrate the point that business organizations can be ascribed moral responsibility and be subject to reprimand or punishment where the activity carried out on their behalf led to outcomes that are harmful towards the society and the environment where the organizational members in charge of these activities operate; even when it is not exactly clear who – within the organization – carried out certain actions that contributed to causing harmful consequences to the society and the environment on behalf of the business organization.

On the basis of the case involving Volkswagen – where the corporation was found guilty of cheating on official emission rates on the occasion of the release on the market of new vehicles, we will see that ascribing moral responsibility to the corporation is possible as Volkswagen had a significant role encouraging – through its culture and structure – unethical employee behavior.

5.1 VW: The scandal explained[16]

5.1.1 What is Volkswagen accused of?

The VW scandal has been dubbed the "diesel dupe". In September 2015, the Environmental Protection Agency (EPA) found that many VW cars being sold in America had a "defeat device" –

or software – in diesel engines that could detect when they were being tested, changing the performance accordingly to improve results. The German car giant has since admitted cheating emissions tests in the US. VW has had a major push to sell diesel cars in the US, backed by a huge marketing campaign trumpeting its cars' low emissions. The EPA's findings cover 482,000 cars in the US only, including the VW-manufactured Audi A3, and the VW models Jetta, Beetle, Golf, and Passat. But VW has admitted that about 11 million cars worldwide, including eight million in Europe, are fitted with the so-called "defeat device".

The company has also been accused by the EPA of modifying software on the 3-litre diesel engines fitted to some Porsche and Audi as well as VW models. VW has denied the claims, which affect at least 10,000 vehicles.

5.1.2 The core of the scandal: the "defeat device"

Full details of how the so called "defeat device" worked are sketchy, although the EPA has said that the engines had computer software that could sense test scenarios by monitoring speed, engine operation, air pressure and even the position of the steering wheel.

When the cars were operating under controlled laboratory conditions – which typically involve putting them on a stationary test rig – the device appears to have put the vehicle into a sort of safety mode in which the engine ran below normal power and performance. Once on the road, the engines switched out of this test mode.

16 Source of the VW scandal facts and relative developments described in this section:: *BBC News*, 10 December 2015, http://www.bbc.com/news/business-34324772

The result? The engines emitted nitrogen oxide pollutants up to 40 times above what is allowed in the US.

5.2 Whose fault is it? Crossing legal and ethical boundaries[17]

5.2.1 VW heard in front of the Congress

Volkswagen faced its first Congressional hearing over the diesel emissions scandal back in 2015. Michael Horn, the CEO of VW's American division, appeared in front of the House of Representatives' Energy and Commerce Committee and spent most of the hearing deflecting questions and denying that the company had knowledge of the so-called "defeat devices" that were used to cheat EPA emissions tests dating back to 2009.

Instead, Horn claimed the defeat devices were put in place by a few rogue software engineers. "This was not a corporate decision, from my point of view, and to my best knowledge today," he said. "This was a couple of software engineers who put this in for whatever reasons." (Horn, Congressional Hear over the Volkswagen case 2015) Volkswagen has not been able to identify who these individuals might be, or even how many would have been involved in the scheme, according to the CEO.

Many committee members took umbrage with this explanation, with Representative Chris Collins (R-NY) calling it "inadequate" and "a sign of arrogance." (Collins asked no questions, and spent his allotted five minutes lecturing Horn, saying that the entire Volkswagen organization is either "incompetent" or "complicit... in a massive coverup.")

5.2.2 What has the impact been?

Horn said he is certain that Volkswagen would be able to fix the affected cars in order to comply with emissions standards, and that after the fix the cars would still be able to achieve the MPG rating labeled on their Monroney sticker. But customers with affected cars should expect a "slight

17 Source of the VW scandal facts and relative developments described in this section: *The Verge*, 8 October 2015, https://www.theverge.com/2015/10/8/9481651/volkswagen-congressional-hearing-diesel-scandal-fault

impact" on performance after the fix. "Maybe, on top speed, one or two miles per hour may be missing," Horn said. When he was asked about the harm that the cars have done to the environment (some of the affected cars were found to release up to 40 times the accepted level of nitrogen oxide into the atmosphere) Horn claimed that these cars make up a fraction of the total amount of cars on US roads — a defense that he quickly followed by saying he's "not belittling [the impact], and it's clearly unacceptable. (Horn, Congressional Hear over the Volkswagen case 2015)"

The impact of the scandal on customers wasn't the only focus of the hearing. Many of the committee members were focused on how it affects Volkswagen dealers and service shops across the country, with representative Diana DeGette (D-CO) going so far as to call out a Volkswagen dealer who attended the hearing. Horn said that the company has provided every dealer around the US with a discretionary fund, but would not disclose the amount, only saying "it's a significant amount of money." These funds give the dealers financial flexibility, Horn said, and will allow them to solve "the most urgent customer cases." Dealers can use those funds to offer customers loaner cars, or do "whatever they think is best" for each specific customer’s situation, "no questions asked," Horn said.

5.2.3 “Not a corporate decision”

Now, it is of particular interest to the point I have thus far supported in my analysis – that moral responsibility can be attributed to collective entities such as business organizations – to notice that the Volkswagen CEO, advances claims in order to try and avoid responsibility attributions – and the relative consequences – directly to the company, and, especially, to its managers and directors.
In fact, Horn began the hearing by reading his official statement, which was published the previous day in the afternoon. But there was one key difference. The original statement intimated that Horn and other VW employees had known about the defeat device since the spring of 2014 when a West Virginia University found a discrepancy between the stated emissions levels of certain Volkswagen cars and their real-world performance. Horn said that, at that time, he "was told that there was a possible emissions non-compliance that could be remedied." This morning, he added a very defensive clarification to that statement.
"Let me be very clear about this," Horn told the committee, "while I was told about the EPA

process, I was not then told, nor did I have any reason to suspect or to believe, that our vehicles included such a [defeat] device." He then returned to reading his statement. Horn later said that he didn't learn about the defeat devices until a company meeting "around September 3rd [2015]", but could not give an exact date. (News of the scandal broke on September 18th.)
Horn held firm on his claims through a mix of questioning and an outright tongue-lashing from nearly 20 members of the House's Energy and Commerce Committee. He continually denied that he or other Volkswagen executives had any knowledge that the company's cars were cheating emissions tests, and spent most of the two-hour hearing deflecting the committee members' questions — sometimes with confusing and contradicting responses.

At one point, Horn was asked if he knew how the defeat devices work. "Personally, no. I'm not an engineer," he responded. Later, in response to a similar question, Horn was suddenly able to describe how the defeat devices were able to fool the EPA's tests and mimicked turning a car's steering wheel. (One of the ways the offending software was able to recognize whether a car was being tested or not was to monitor the amount of movement in the steering wheel.) More than once, Horn asked committee members to repeat themselves, claiming that noise in the room was stopping him from understanding their questions.

5.2.4 VW claimed only a small group is to blame for the scandal: breaking legal and ethical boundaries[18]

At this point, Horn (Horn, Congressional Hear over the Volkswagen case 2015) proceeds by claiming that the responsibility and, hence, the reprimand or punishment attached should, rather, be attributed to a group of engineers who broke the rules.
Indeed, a Volkswagen representative on Thursday – days before the Congressional Hear – claimed that only a small group of employees was responsible for cheating U.S. diesel emissions tests and there were no indication board members were involved in the biggest business crisis in the carmaker's history.

18 Source of the VW scandal facts and relative developments described in this section: *Reuters*, 10 December 2015, http://www.reuters.com/article/us-volkswagen-emissions-idUSKBN0TT14V20151210

Chairman Hans Dieter Poetsch said (Wolfsburg, Germany, December 10 2015) investigations into the affair were going well, but the scandal was the result of a "chain of errors" and it would still take months to say which individuals were to blame.

"No business justifies crossing legal and ethical boundaries," Poetsch said. "Even though we cannot prevent misconduct by individuals once and for all, in future it will be very difficult to bypass our processes."

Poetsch said an external investigation by U.S. law firm Jones Day was making good progress but would need time to reach conclusions.

He said VW would not name any individuals involved on Thursday but it was likely only a small number of people took part in the deception.

"We are talking here not about a one-off mistake but a chain of errors," he said, adding: "Based on what we know today, it was a very limited group which acted irresponsibly." (Poetsch, Wolfsburg, Germany, December 10 2015)

Poetsch said he was not aware of any involvement of members of the management or supervisory boards in emissions test manipulation.

VW's engine-development unit remained the focus of investigations, Poetsch said.

Chief Executive Matthias Mueller said the crisis was an opportunity for VW to make long-needed structural changes. Since the start of this year, the VW group's executive board has brought in six new members, and top management had been changed at seven of VW's 12 brands. He said VW was working on a new structure to give more power to its regional divisions and brands. Details would be drawn up in the first quarter of next year and it would be in place across the group by early 2017.

"There is no doubt that on the one hand there were weaknesses in our procedures ... and on the other hand we had an attitude of employees in middle management that was, as we say today, 'non-compliant', (Wolfsburg, Germany, December 10 2015)".

Mueller said it was relatively simple and inexpensive to fix the affected cars, and he was often asked why they had not done so in the first place. The reason was that the technology for the fixes was not available when the cars were built, and the problem was not known at the time.

"We will not allow the crisis to paralyze us," Mueller said. "Although the current situation is serious, this company will not be broken by it. (Wolfsburg, Germany, December 10 2015)"

5.3 Should Volkswagen itself be attributed moral responsibility?[19]

Yet, even though VW Ceo Michael Horn claimed that the responsibility should be attributed to a group of rogue engineers whose activity violated certain ethical standards also on behalf of the company (where the company has, though, no degree of responsibility in the process); any careful analysis of blame in the Volkswagen case should consider a wide range of social influences – for example, Volkswagen's institutionalized commitment to aggression, and more local factors such as fear of those in positions of power on engineering teams. After having considered such factors as those just listed, in the specific case of Volkswagen, it should be clear that, as I argued in Section 3, the actions of the company employees reflect and render it possible to observe the principles, formal and informal rule that guide them within the organizational context. The question that I will try to answer here is, can Volkswagen – a company – be attributed moral responsibility for the harmful – towards the society and the environment – consequences of the activities carried out on its behalf by its members? I will try to answer this question by elaborating further on the social influences and local factors characterizing Volkswagen corporate culture and structure, which, I will argue, have lead to the unethical employee activity as in the case of the VW engineers creating and distributing cars emission-rate cheating devices.

19 Source of the VW scandal facts and relative developments described in this section: *Fast Company*, 12 December 2015, https://www.fastcompany.com/3054692/how-volkswagens-company-culture-could-have-led-employees-to-cheat

To start off, intuitively, I believe it not hard to see how things such as a competitive culture and hypercritical management could encourage unethical behavior on the part of (employees of) a business organization such as a large corporation. Again, the question is: can Volkswagen – a company – encourage unethical employee behavior through its corporate culture and structure?

That is the question at the heart of the Volkswagen emissions scandal that prompted its CEO to step down in September 2015.

In the wake of the news that the German automaker installed software intended to defeat emissions testing, CEO Martin Winterkorn's character and management style were called into question. Although Winterkorn claimed not to know about the technology, he's been classified as a hard-driving perfectionist bent on securing the top spot among global car manufacturers.

In a new report by the New York Times, it appears Winterkorn's leadership was in concert with the company's overall management, which is described as "confident, cutthroat, and insular." Starting at the top, such a corporate environment may have been enabled such a massive breach of ethics.

5.3.1 The company's overall management is described as "confident, cutthroat, and insular."

The company's current CEO, Matthias Müller, and Hans Dieter Pötsch, chairman of Volkswagen's supervisory board, have now admitted publicly that the technological evasion began in 2005, earlier than originally reported. Nine executives were suspended, even though Volkswagen maintains that management was not aware of any wrongdoing, and has since said that a small group of engineers was responsible for the breach.

However, experts point to a long history of unethical behavior that could have influenced the present cheating–from its Nazi founders to the tight hold of current ownership by billionaire Porsche family descendants, German state government, and labor unions. Given this history, it's hard to believe just a few engineers are responsible, says John German, a former official at the Environmental Protection Agency and a senior fellow at the International Council on Clean Transportation who spoke to the Times. (The latter group played a role in uncovering Volkswagen's cheating).

There was the long tenure of Ferdinand Piëch (a Porsche grandson), the chief executive from 1993 until 2002, who preceded Winterkorn. Piëch was a tough leader who once wrote, “My need for harmony is limited,” and touted the fact that he was only called to the helm when the company was in “severe difficulty.”

An accomplished engineer, Piëch was said to be able to point out flaws that designers had missed and were responsible for many innovations. Likewise, Winterkorn walked around with a gauge to measure car door gaps and criticized employees publicly.

Between the two chiefs, it’s not hard to see why staff might have withheld information that could have led to their termination. But whether the executives knew of the cheating is still in question.

As Volkswagen’s new CEO, Müller is working to change the company culture, eschewing “yes” men in favor of people who “follow their instincts, and are not merely guided by the possible consequences of impending failure,” the Times reports.

But theirs is a for-profit business, and money can change the ethical temperature of a culture pretty quickly. Studies found that just thinking about money can lead to dishonest behavior, and the term “moral muteness” has been coined to define the way managers will make an economic case to justify a certain decision they made based on ethics.

The problem with leaders using such rationales for the bottom line is that unethical behavior can actually stand in the way of profitability. As research from KRW International, a leadership consultancy revealed, CEOs whose characters were highly rated by employees had an average return on assets of 9.35% over a two-year period, almost five times as much as CEOs with low scores whose return on assets averaged just 1.93%.

If Müller can make good on his pledge to shift VW’s culture to one where workers aren’t afraid to act ethically, the automaker might just find itself at the top of the heap once again.

5.3.2 Volkswagen: signals of a sick corporate culture[20]

- *Relentless pursuit of size*

The search for scale was typified over a century ago by Ford Motor Company. The term Fordism was coined to describe a strategy of growth to achieve economies of scale.

A century later, Volkswagen's declared goal was to be the world's number one car company by 2018. Volkswagen bets on its "fuel efficient" diesel-powered cars to achieve this and made an unethical choice to fit these cars with defeat devices, while pursuing a misleading advertising campaign around "clean diesel".

- *Aggressive and Unethical Lobbying*

The VW scandal has thrown a spotlight on the relationship between car makers and regulators. The responsible investment charity ShareAction mobilized a coalition of 19 investors with £625m assets under management to write to car companies including VW to ask for clarity on their lobbying position around emissions legislation.

Even today, lobbying is seen in the corporate world as a fundamental right, and shamelessly so. Corporate lobbyist Grover Norquist famously said, “I'm not in favor of abolishing the government. I just want to shrink it down to the size where we can drown it in the bathtub".

A corporation does have a right to be heard, but at what cost? The kind of lobbying that furthers private profits by frustrating regulation that protects public wealth is morally questionable. It is also economically questionable when it destroys more public wealth than it creates private profits.

- *Advertising: keeping consumers in the dark*

Corporate externalities are the biggest free lunch in human history and, like all free lunches, cannot go on forever. Consumers need clear information if they are to choose which products to buy based on transparent, quality-assured information on the true costs of different products, not just the shelf price.

20 Source of the VW scandal facts and relative developments described in this section:: *The Guardian*, 31 December 2015, https://www.theguardian.com/sustainable-business/2015/dec/31/vw-exxon-scandal-polluted-corporate-culture-emissions-climate-change

Unfortunately, such information is rarely provided. In our media-dominated world companies routinely misinform their customers through unethical and unaccountable advertising.

5.4 Volkswagen should be attributed moral responsibility itself, insofar as the company's corporate culture has led employees to cheat[21]

In Section 3 I argued that business organizations such as large corporations can be considered autonomous, collective moral entities whose identity and intentions – necessary conditions for moral autonomy on the part of one individual or collective entity, as already established in Premise 1 – lie in their practices[22]. Furthermore, I argued that the observer can draw one aspect from one corporate expression and connect it with another, (Premise 3) as these practices are observable in the organizational members' action.

Now, the Corporate Integrity approach, as described in Section 4, will be employed so as to assess whether Volkswagen should be attributed moral responsibility – and, hence, be itself subject to reprimand or punishment – for the harmful (towards the society and the environment) consequences of having deliberately cheated and lied about the emission rates of its new vehicles. As we saw in Section 4, the Corporate Integrity approach consists of assessing to what degree one business organization has its practices (which practices are, as we saw in section 3, the principles and the formal and informal rules that guide the activity of the organizational members) integrated and abiding by principles such as: effort at sustaining ethically responsible organizational behavior and activities; taking into account the societal, environmental (and internal) consequences of the organizational activity in directing organizational conduct; aligning to the two previously mentioned principles throughout time, situation after situation. That being given, if we assess Volkswagen's stance as one particular business organization characterized by its unique culture and structure, which culture and structure, in turn direct – directly and indirectly, formally and informally – the organizational members' activities; if we assess the ethical stance of the company on the grounds features of the company's culture such as its confident, cutthroat, and insular management; the

21 Source of the VW scandal facts and relative developments – included quotations of characters involved in the situation – that are described in this section: *Innovator*, http://innovator.gsm.ucdavis.edu/volkswagen-culture-fraud/

22 Practices are the tasks, responsibilities and procedures, relationships, norms and values incorporated in the culture and structure of each organization. Practices define the organizational identity and guide the action of organizational members.

company's relentless pursuit of size; the company's aggressive and unethical lobbying; and the company's uninformative advertisement campaigns; all of which corporate culture's features have characterized the company since its activities during WW II; then, we will see why Volkswagen should be itself ascribed moral responsibility for the harmful consequences of the action of cheating on emission rates, as the company's corporate culture has, throughout time, promoted certain unethical principles and, accordingly, directed employees' activity on the grounds of those principles. Let us look at this in more details.

When corporations go astray, business journalists and academics often look to the companies' cultures to explain their aberrant behavior.

But such reflexive analyses of corporate wrongdoing are often wrongheaded, confusing organizational cultures with other organizational structures that can contribute to misconduct such as inadequate governance mechanisms. In the case of Volkswagen's recent engineering misadventure, though, VW's culture appears to have been at least a contributing factor.
Organizational cultures have a symbolic component or "content," which consists of assumptions, values and beliefs, and norms. Assumptions are taken for granted as understandings of the nature of the world (e.g., the assumption that business is a competitive endeavor). Values and beliefs are general conceptions about the virtuousness of different manager and employee orientations (e.g., the belief that it is virtuous to act in a competitive way). Norms are more explicit expectations about what managers and employees should and should not do (e.g., the norm that managers and employees should not share information with the representatives of competitors).

Organizational cultures also have a pragmatic component or "form," which consists of artifacts and practices that convey the symbolic content. Artifacts include tangible items such as office furniture and artwork and more ethereal things such as jargon and stories. Practices are patterned behaviors, such as awards ceremonies, that often combine artifacts. Generally speaking, one cannot diagnose the content of an organization's culture without closely examining its forms. But observers, especially journalists, sometimes impute an organization's culture from an intuitive grasp of its forms.

Jack Ewing's and Graham Bowley's December 15, 2015, *New York Times* article on the Volkswagen debacle, "The Engineering of Volkswagen's Aggressive Ambition," outlines how VW engineers jerry-rigged emissions software so as to make the firm's cars appear more fuel efficient than they actually were and provides a window into aspects of the carmaker's culture that might have facilitated its misconduct.

Ewing and Bowley recount a story, which if shared widely throughout the firm would constitute an artifact: technicians were severely chastised by VW's CEO for gently correcting him when he mistakenly thought a push-button console in a car was a touch-screen. Such a story likely conveys the norm that employees should never contradict their superiors – and, by extension, never deliver bad news to them – even when they know their superiors are embarked on a faulty course of action.

And such a norm would lead employees to remain silent when confronted with knowledge of a fraud, as appears to have been the case at VW. Ewing and Bowley also describe a specific practice: the orienting of all cars in the corporate headquarters parking lot in the same direction. Such a practice likely conveys the belief that conformity is good. And if in effect at VW, such a norm would lead employees to obey orders to go along with a fraud, again as appears to have been the case at VW.

But how might Volkswagen's culture have given rise to the engineering fraud that so many VW managers and employees appeared to know about and even go along with? Based partly on VW informants' comments, Ewing and Bowley characterize VW's culture as "aggressive." This might mean that VW managers, and by extension, their employees, embraced the underlying *assumption* that setting ambitious goals and pushing the envelope of acceptable behavior to achieve them was necessary to achieve success in the auto industry. It also might mean that VW managers and employees shared the *belief* that setting ambitious goals and pushing the envelope of acceptable behavior to achieve them is virtuous, independent of the success to which such aggressive behavior might give rise.

Common sense suggests that such cultural content can be problematic because the higher the goals one sets for oneself, the more likely one is to fail. Research indicates that when managers fail to achieve their goals via legitimate means, they turn to illegitimate ways to achieve them, especially when reaching goals is paramount.

It would appear that meeting superiors' ambitious performance targets was of critical at Volkswagen, considering the emphasis its culture placed on obedience to superiors. While VW's top executives might not have ordered the firm's engineers to modify VW car's emissions equipment to make their cars appear more fuel efficient, their promulgation of a culture that emphasized an aggressive stance, unquestioned obedience to authority, and adherence to conformity might have given rise to and facilitated the fraud.

As a last remark, and as food for thoughts – let's consider that it is typically the case that the same organizational cultures that contribute to wrongdoing contribute to efficient and effective behavior; up until the moment that they give rise to wrongdoing, and Volkswagen seems to have made no exception to this case: in fact, the company's culture was partly responsible for the rapid growth it enjoyed in the last two decades. Aggressive competition is a fundamental feature of capitalist economies. And obedience and conformity are essential elements of formal organizations. Yet, the challenge that business ethics puts out there for these companies is to create value in a way that is also ethically responsible.

Conclusion

So, when business organizations – such as large corporations – cause grave harms to the society and the environment; and these harms were preventable and unjustified, whom should we hold morally responsible? To whom should reprimand or punishment be assigned for the harmful consequences of such an action?

In Section 1, we saw that the proponents of the *amoral model* do not acknowledge corporate moral responsibility as a meaningful concept. In the amoral model one business organization, such as one large corporation, is construed as one particular market institution as means through which its owners and stakeholders can further their business goals. Yet, none of the arguments in favor of this position were, however, sufficiently persuasive.

In Section 2, we saw how the proponents of the *functional model* of corporate moral responsibility accept that moral responsibility can be attributed to business organizations, but not on the grounds of construing the organization as an autonomous moral entity; rather, on the grounds of construing the organization as an association of persons who can, individually or in group, be attributed moral responsibility – and be, hence, subject to reprimand or punishment – for the (eventually harmful) consequences of the activities carried out on behalf of the organization, as these persons are part of it. The main criticism of the model, as I advanced it, concerned the fact that, were it the case of ascribing moral responsibility to one business organization for the (harmful) consequences of its action, according to the model, all the responsibility would be ascribed to natural persons on behalf of the organization, implying several theoretical and practical problems related to actually attributing this moral responsibility.

In Section 3, I discussed the *autonomy model* as the first attempt out of those considered to establish degrees of moral autonomy – on the basis of which moral responsibility can, consequently, be attributed – to entities such as business organizations. The autonomy claim advanced in the model is based on Premise 1/Assumption in my argument[23]. The point of the present section

23 In order to be ascribed moral responsibility, one must be considered a moral entity and, hence, act upon intentions that can be assessed from a moral standpoint, so as to determine whether one deserves reprimand or punishment.

(Section 3) has been to argue that the autonomy model – inasmuch as trying to support the corporate moral autonomy position – fails to satisfy the above-stated assumption. In the chapter "*Corporate expressions as "practices*", I present an alternative account of corporate moral autonomy and defend the Premises 2 and 3 of my argument.

In Section 4, I argued for an ethical model that helps formulate ascriptions of corporate moral responsibility (The Corporate Integrity Approach), which model is based on the just mentioned account of corporate moral autonomy as well as defended the Main Claim of my thesis, formulated as follows:
It is possible to ascribe moral responsibility to collective entities such as business organizations and, in particular, to large corporations by observing and assessing the practices that guide the action of members and bodies within the organizations throughout time; in order to determine whether one organization deserves reprimand or punishment for the (harmful, toward society and the environment) consequences of its action. The main point that I advanced in this section has been that the business organization itself can play a significant role in stimulating or discouraging – through its culture and structure – responsible employee behavior.

Finally, in Section 5, I presented the Volkswagen case-study in order to strengthen the point that organizations play a significant role in stimulating or discouraging – through their culture and structure – responsible employee behavior. Finally, this example helped to illustrate how business organizations such as large corporations can be attributed moral responsibility – with the relative implications in terms of reprimand or punishment – for the (harmful) consequences of the activities carried out on their behalf. Even when it is not exactly clear who – within the organization – carried out certain actions that contributed to causing harmful consequences to the society and the environment on behalf of one business organization. That is possible by observing and assessing the practices that guide the action of members and bodies within the organizations, as I claimed in the main point of this thesis, that I will, for the last time, formulate: it is possible to ascribe moral responsibility to collective entities such as business organizations and, in particular, to large corporations by observing and assessing the practices that guide the action of members and bodies within the organizations; in order to determine whether one organization deserves reprimand or punishment for the (harmful, toward society and the environment) consequences of its action.

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