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**THE PLACE OF MORALITY IN CORPORATE SOCIAL RESPONSIBILITY: FROM
KANT'S PERSPECTIVE**

**A Long Essay Submitted in Partial Fulfilment of the Requirements for the Award of the
Baccalaureate Degree in Philosophy**

NAIROBI, 2022

Declaration

I do declare that this long essay research paper is my original work which has been achieved through my personal reading, research and critical reflection. This paper has never been submitted to any other university or college for academic credit. All information from other sources cited are dully acknowledged.

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Dedication

I dedicate this research project to my mother Selina Ndombi Achitsa, from whose mentorship and care has made me the person I am today.

Acknowledgement

I would like to thank Almighty God first, from whom I have my being. I would also wish to acknowledge the Order of Preachers fraternity (Dominican Friars) for the opportunity granted to me to pursue this program at Tangaza University College, and the support they offered to me along the way.

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Table of Contents

Declaration	ii
Dedication	iii
Acknowledgement	iv
Abstract	viii
List of Figures	ix
Acronyms and Abbreviations.....	x
CHAPTER ONE	1
GENERAL INTRODUCTION.....	1
1.1. Introduction	1
1.2. Background of Study.....	1
1.3. Statement of Problem	3
1.4. Objectives of the Study	4
1.4.1. General Objective	4
1.4.2. Specific Objectives	4
1.5. Justification of the Study	4
1.6. Scope and Limitations of Study	5
1.7. Research Methodology.....	6
1.8. Literature Review	6
CHAPTER TWO	11
A GENERAL UNDERSTANDING OF BUSINESS AND CORPORATE SOCIAL RESPONSIBILITY (CSR)	11
2.1. Introduction	11
2.2. Economics and Economic Systems.....	11
2.3. Decision Makers in an Economy.....	14
2.3.1. Household	14
2.3.2. Firm.....	15

2.3.2.1. Corporation	15
2.3.3. Government	16
2.3.4. Civil Society	17
2.4. Purpose of a Business Corporate.....	17
2.4.1. Shareholder Theory	18
2.4.2. Stakeholder Theory.....	19
2.5. Corporate Social Responsibility.....	21
2.6. Community as a Stakeholder.....	23
2.7. CSR Reporting	24
2.8. Greenwashing and Faux CSR.....	25
2.9. Conclusion.....	26
CHAPTER THREE.....	27
AN EXPOSITION OF THE KANTIAN MORAL THEORY.....	27
3.1. Introduction	27
3.2. Meaning of Morality	27
3.3. The Corporation as a Moral Agent.....	28
3.4. Kantian Moral Theory	30
3.4.1. Synopsis of Life and Works of Immanuel Kant	30
3.4.2. Principles of Kantian Theory.....	32
3.4.2.1. Freedom and Autonomy.....	32
3.4.2.2. Goodwill and Moral Worthiness.....	33
3.4.2.3. Duty and Reverence for Law	33
3.4.2.4. Categorical Imperatives	34
3.4.2.4.1. Universalized Maxim	35
3.4.2.4.2. Humanity as an End	35
3.4.2.4.3. Membership to the Kingdom Ends.....	36
3.4.3. Criticism of Kant's Theory of Morality.....	37

3.5. Conclusion.....	38
CHAPTER FOUR.....	39
APPLICATION OF THE KANTIAN THEORY OF MORALITY TO CORPORATE SOCIAL RESPONSIBILITY	39
4.1. Introduction	39
4.2. Dignity of a person and Corporate Social Responsibility	39
4.3. Duty of Benevolence and Corporate Social Responsibility	41
4.4. CSR Reporting	42
4.5. Purity of Motive and Corporate Profitability	43
4.6. Conclusion.....	43
CHAPTER FIVE.....	45
GENERAL CONCLUSION	45
Bibliography.....	48

Abstract

Looking at most economies, corporations have replaced family production as a means of human sustenance. They to portray themselves as full and good citizens caring for society through Corporate Social Responsibility activities. However, a critical review of documented cases on international businesses arena shows that this may be a marketing strategy. The activities themselves and the means of implementation contradict with other practices of the corporation. Corporations are not just legal bodies, but also moral agents, responsible for praise or blame for their acts. Their activities therefore ought to be morally good. We argue that to the extent that these actions are driven by other motives other than performance of the good in itself, and do not respect the freedoms and uphold respect and dignity of the person, as required under Kantian Categorical Imperatives, they are unethical. Otherwise, CSR as an act of benevolence from duty is morally good. Furthermore, moral good and making profits for the company are not mutually exclusive, since they can be achieved simultaneously. The Categorical Imperative formulation of “kingdom of ends” recognizes that there are many stakeholders, and every member should treat the others as ends and not means. Thus, an initiative that meets interests of more than one category of stakeholders at the same time is not necessarily against acting from duty. Therefore, this study research on looking at how moral values can be inculcated in corporations’ corporate social responsibility activities. This is done by specifically looking at Kant’s moral theory, and how the Categorical Imperatives formulated by him can shape CSR.

List of Figures

Figure 1: The Pyramid of Corporate Social Responsibility **Error! Bookmark not defined.**

Acronyms and Abbreviations

CSR	Corporate Social Responsibility
UN	United Nations
SDGs	Sustainable Development Goals
SMEs	Small and Medium Enterprises
BP	Beyond Petroleum

CHAPTER ONE

GENERAL INTRODUCTION

1.1.Introduction

This study is presented in five chapters. In the first chapter which is basically an introduction, it considers the background information, problem statement, objectives of study, justification of study, scope and limitations of the study, methodology and literature review. The second chapter is an exposition of a business corporation, tracing socio-economic developments in history that lead to its emergence, and different views regarding its purpose. Chapter two also explains the place of CSR in corporate governance.

In the third chapter, the concept of morality is discussed, including justification of a corporation as a moral agent. This chapter also discusses the Kantian moral theory in detail. The fourth chapter shows how Kantian Moral theory can be applied to CSR activities. Chapter five gives a general conclusion. Finally, each chapter opens with an introduction and ends with a conclusion.

1.2.Background of Study

Business corporations undertake CSR as an apparent means of pursuing the interests of the various stakeholders, community in which they operate being inclusive. The development would seem to be a shift from mere pursuit of value for the shareholders to a wider spectrum of all that have an interest or that are affected by business. However, Laczniaak and Murphy observe, the shift could only be deceptive, whereby the corporations use the other stakeholders (apart from the shareholders) to expand their marketing mix, so as to enhance their brand, and in turn create more value for the owners.¹

Listening and engaging business chief executives today, their discussion would be about issues like strategy, networking and synergies for value creation and innovations to remain relevant to the customers and the society at large. It is not common to hear slogans like, “giving back to the people or society”, or activities

¹Laczniaak, Gene R and Patrick E Murphy. “Stakeholder Theory and Marketing: Moving from a Firm-centric to a societal Perspective,” *Journal of Public Policy and Marketing* 31, no.2 (2012): DOI:[10.2307/41714275](https://doi.org/10.2307/41714275).

that aim at sponsoring of some other entities or individuals. Big organizations run foundations that support different social activities in various parts of the world. Therefore, one may wonder, whose interest these executives or managers live and work to serve, and even the ultimate objectives of these businesses/corporations. That is, whether they are charity institutions or other agencies of government. This sparks a number of questions and one important is, do the businesses exist to serve the objectives of the society as before, or their focus has changed?

These and related questions point to the place of man in today's business, more so, those in the community in which the business operates. That is, whether these institutions with their seemingly human messages are contributing to wellbeing of the society. Thus, finding out whether their interventions are inherently good or wrong for the betterment of the society as a whole.

Generally, each business has its area of specialization, in which it produces goods or provides services. The government provides social services augmented by charity organizations in their specific areas of interest. The businesses' obligation is to operate within the law at various levels and payment of taxes. These laws may fall under national, local and or industrial codes or regulations. Bowie and Werhane stress that in any given economy, (unlike the economy of the United States, which is known to be capitalistic), corporate social responsibilities forms part of the corporate enterprise.² It is rather fascinating that the same businesses are the ones that have been against the "Obamacare", citing that it increases the cost of doing business.³ Most of these corporations run the CSR activities. Could it be that they are more concerned about their operations than their own employees and thus, community at large?

Businesses have also been known to engage in CSR activities but at the same time, involved in the exploitation of its workers. As the saying goes, "charity begins at home", it is therefore expected that, as

² Norman E. Bowie and Patricia H. Werhane, *Management Ethics*, (Malden, USA: Blackwell Publishing Company, 2005), p. 101.

³ The Patient Protection and Affordable Care Act, commonly known as the Affordable Care Act (ACA) is a United States federal statute signed into law by president Barack Obama on March 23, 2010. The law introduces measures of extending affordable health care insurance to the poor. It requires among others, employers with at least 50 full-time employees to provide health insurance for at least 95% of the employees and their dependents to the age of 26 years.

much as the corporations engage in CSR activities, this has to start within the corporation, through consideration of its members.

There are also instances of organizations evading or avoiding taxes, yet they give out money in donations. These and related practices that are seemingly contrary to the overreaching desire of improving the society's social wellbeing raise questions that cast doubt on the ultimate end of corporations in their giving to communities; and the moral value of the same.

In considering moral value of actions, Kant in his theory of morality postulates: "There is no possibility of thinking of anything at all in the world, or even out of it, which can be regarded as good without qualification except a goodwill. Goodwill is good not because of what effects it accomplishes, nor because of its fitness to attain some proposed end; it is good only through its willing." It is therefore not the end that is important, but rather the intention. This therefore throws us into more scrutiny of corporations' intentions when engaging in CSR activities. Morality stands out as the paramount requirement for Corporate Social responsibility. Cases such as exploitation and use of people as means and not ends can only be avoided with incorporation of morality in corporations CSR activities.

This research therefore, aims to expose practices and their consistency or lack of it, with the Kantian theory of Morality.

1.3.Statement of Problem

Given that a corporation by nature has many stakeholders, efforts to meet all their interests using a common strategy in itself is not questionable. Nevertheless, for managers to claim that they are serving the interests of the other stakeholders when in reality they are only concerned about profit, is an act of deception and dishonesty. As Bowie and Werhane say, "to claim credit from something that is not your intention is hypocritical".⁴ It would be morally wrong for a corporation to take advantage of people's misery, for

⁴ Norman E. Bowie and Patricia H. Werhane, *Management Ethics*, (Malden, USA: Blackwell Publishing Company, 2005), pp. 103- 104.

instance, like those faced with disasters, abject poverty to build their brand in the name of assisting them; or even to run a marketing campaign claiming to undertaking activities and whereas not, in order to create a name and enhance their brand.

A number of studies on business ethics have focused on corporate governance as a whole, especially in the wake of scandals like Enron, WorldCom and Baring Bank among others. Norman E. Bowie in particular has discussed business ethics moreover from a Kantian perspective but in its broader sense⁵. This study looks specifically at Corporate Social Responsibility, which encompasses the activities that the corporation carries out for the wellbeing of the society. Thus, the study enquires into the rationale of these interventions. Whether corporations aim at contributing to societal betterment or just business enrichment, under the disguise of CSR; and thus scrutinizing the morality of the practices.

1.4.Objectives of the Study

1.4.1. General Objective

This research aims at showing the relevance of Kantian Moral Theory to Businesses' Corporate Social Responsibility.

1.4.2. Specific Objectives

- i. To explain the meaning of business corporation is and the place of Corporate Social Responsibility in corporate Governance.
- ii. To explicate the Kantian Moral Theory and show how a corporation is a moral agent.
- iii. To apply the Kantian Moral Theory to Business Corporate Social Responsibility.

1.5.Justification of the Study

In most cases, business corporations majorly carry out their activities in order to make profits and protect its brand in the face of its customers and the society at large. In matters to do with Corporate Social

⁵ Norman E. Bowie, "A Kantian Approach to Business Ethics" in Donaldson, T., *Ethical Issues in Business: A Philosophical Approach*. 7th edn. (New Jersey: Prentice Hall Printing, 2002), pp. 61-71.

responsibilities, most businesses carry them out since it is dictated in the law and somewhat provides no escape route for them. However, we may ask ourselves, whether this kind of CSR, which is supposed to be giving back to the society, is done in a spirit of authenticity. Considering that most businesses do their CSR as a way of fulfilling the law, could these activities be termed as morally oriented?

When we ask ourselves this question, “could it be that the corporations have morally exempted their CSR activities? If so, is it humane that the CSR be used as mileage towards brand building and making of profits?”. It is of utmost importance to dive into seeking how morality should be at the center when dealing with humans; in this case, business activities and particularly CSR activities. Therefore, this study will provide a platform of incorporating morality into business CSR activities, so that they are not taken as obligation of the law but a duty to humanity; by looking at the Kantian moral perspective.

1.6.Scope and Limitations of Study

Whereas there are several morality theories, this enquiry is restricted to the Kantian theory of morality. Kant wrote enormously and a number of his works discuss aspects of morality directly or indirectly. The research dwells more on Kant's work, *Grounding for the Metaphysics of Morals*, which though fundamental in establishing the supreme principle of morality, it is not exhaustive especially on matters of application. More still, owing to ignorance of the German language in which Kant wrote, even the sole original work read is a translation into the English language.

In analysis of business practices, the study uses more of the international businesses than the local ones. This is informed by the documentation and accessibility of literature. It is however a hope that with globalization and benchmarking in the business world, the local practices may not be unique. In any case, with multinational corporations, a number of businesses at the local scene are subsidiaries of the big companies. Also there is a challenge in time spent in reading the materials since this study is done in tandem with other normal classes.

1.7. Research Methodology

The study utilizes the analytical method of philosophy, through investigation of the concept of CSR and how morality can be applied to these activities in Kantian moral perspective. In this case-study, the research looks into the background information, other related cases that can be cited with their progress and the current state of matter.

The study relies deeply on relevant materials from the library sources and internet sources relevant to the research topic. The primary sources used for this research are, *Grounding for the Metaphysics of Morals*, *Fundamental Principles of the Metaphysics of Morals* and *The Critique of Pure Reason*, all being works of Kant. Other supplementary materials will be gathered from library books, library electronic sources, articles, periodicals and Journals related to the topic. The study also attempts to articulate the criticism on the current CSR situation and introduce an understanding of why morals are needed in this activities.

1.8. Literature Review

This section is concerned with reviewing and revising various literatures related to business CSR activities and Morality. There is a range of materials in the literature review but the study does not cover all here. The study will cover some literature of prominent discussions on morality and Corporate Social Responsibility activities.

In evaluating the companies from a social viewpoint, there is a significance change in their role in the economy. Different researches have been carried out across the world, aimed at ascertaining the relationship that exists between business entities and the societies in which they operate. A research carried out by Steiner and Steiner⁶ in 1991 showed that 70% of individuals interviewed agree that there exists a balance between the company's profit motive and the society's expectations. Henessy⁷ also carried out a survey in 1986 which showed that 65% of individuals were of the thought that, corporate leaders were very ready to

⁶ Steiner, G.A. and Steiner J.F, *Business, Government, Society: A Managerial Perspective, Text and Cases*, 13th ed. (New York: McGraw-Hill Company Inc., 2012), p. 121.

⁷ Henessy, E.L, "Business Ethics-is it a priority for Corporate America?" *Financial Executive* 10 (1986), p.10.

do anything even at the expense of the society in order to realize profits. This clearly indicated the negligence of CSR activities by business entities.

There are therefore theories in support of CSR and those against. All these have their own stipulations considering what pertains a business entity.

According to Carrol and Shabana⁸ 2010, the concept of CSR has been in existence for centuries. They attribute this to the fact that businesses operate within the society and thus the society expects that it should benefit from business activities, contributing to its growth. They argue that CSR activities are necessary to instill a sense of responsibility to managers and also in resolving some societal issues.

According to Friedman⁹ the CSR activities have become like a distortion to the businesses' main focus which is making profits, by distorting the economic freedom. For him, corporations ought to focus to those activities that bring profits, excluding in their operations all activities that do not lead to revenue generation.

He argues:

“There has been the claim that businesses should contribute to support charitable activities and especially to universities. Such giving by corporations is an inappropriate use of corporate funds in a free-enterprise society.”¹⁰

There are also different philosophers who have discussed about different theories of morality and how they relate to CSR. This literature review will look at some of the prominent moral theories and what they said about Corporate Social Responsibility.

According to Nozick, libertarians (*libertarianism*) believe that, it is a moral obligation for the people to avoid harm, but they are not morally obligated to charitably help anyone.¹¹ In relation to CSR, libertarians

⁸ Archie B. Carrol and Kareem M. Shabana, “The Business Case for Corporate Social Responsibility: A Review of Concepts and Practice,” *International Journal of Management Reviews* (January 15, 2010) p. 87, accessed September 15, 2022, <https://doi.org/10.1111/j.1468-2370.2009.00275.x>

⁹ Milton Friedman, “The social responsibility of business is to enhance profits,” *Capitalism and Freedom*, New York Times 32 (13), (New York: University of Chicago Press, 1970), pp. 122-126.

¹⁰ Milton Friedman, “The social responsibility of business is to enhance profits”, pp.122.

¹¹ James S. Coleman, Boris Frankel and Derek L. Philips, “Robert Nozick’s Anarchy, State and Utopia”, *Theory and Society* Vol 3. no.3 (Autumn, 1976), p. 452, accessed September 15, 2022, https://www.jstor.org/stable/656974?seq=8#metadata_info_tab_contents.

believe that corporations are not morally obligated to help anyone. What morally obligates the corporations is that, they should not infringe or violate anyone's rights. Moral duties are good and are to be encouraged. However, the state should not enforce them by making it a law that companies ought to contribute to the society through CSR activities.

Utilitarianism which is another theory of morally postulates that; moral agents have an obligation to promote the best possible outcomes from an impartial viewpoint. It holds, "every action or alternative produces happiness or pleasure and pain or unhappiness to ourselves or others. It is centred on happiness or pleasure."¹² Companies therefore have a moral obligation to provide a stage for happiness maximization from an impartial perspective. It is morally demanding that we should concentrate on helping those close to us, since this in the long-run maximizes happiness. Therefore, CSR is not just an activity to be carried out but rather, it is a moral duty of corporations in giving back to the society. Resources of the company have to be given freely to CSR activities without requirements of increment in profit or growth of brand. According to Utilitarian philosophers, this is what pertains to a moral CSR activity.

Another theory is *Egoism theory*. According to Egoism theory, what pertains to correct moral action is that which ensures the maximization of the good for the agent.¹³ That is to say, the corporate is only responsible to act in a way that its interests are met. For the moral egoists, a business is to do good as long as it is good for the company. In this case, only when it favours profit maximization. Thus, CSR should not be concerned with moral obligation of benefiting others but rather benefiting the corporation.¹⁴ For moral egoists, the corporations are not at all obligated to carry out CSR activities. The CSR activities should only be carried out if they are in the interest of the business. In their preference, there should be a kind of social contract plan between businesses and the society, so that both their interests are covered.

¹²Smart J.J.C, *Utilitarian for and Against: An Outline of a system of Utilitarian Ethics*, ed. J.J.C Smart and B. Williams, (Cambridge: Cambridge University Press, 1973), pp. 11-14.

¹³ Crane, A and D. Matten, *Business Ethics*, (New York: Oxford University Press, 2007) p. 35.

¹⁴ Reidenbach, R.E and D.P. Robin, "Towards the Development of a Multidimensional Scale for Improving Evaluations of Business Ethics", *Journal of Business* 9 (1990), pp. 639-642.

According to *common-sense morality*, there is the existence of both positive duties and negative rights. Relating this thinking to CSR, companies are obligated not to violate any one's rights and at the same time they should have positive duties towards; employees, the local community and others that are closely related to the company.¹⁵ This position of common-sense morality is supported by Kagan who postulates, “we need to follow moral principles that are in accordance with our immediate moral intuitions.”¹⁶

Aristotle points out to *virtue theory*, which according to him guides not to what we ought to do, but rather how we ought to be. That is, to be a good person, which to Aristotle is to have virtues of the mind (intellectual virtues) and virtues of character (moral virtues). While the former are learned through instructions, the latter are only attained through practice which enables us to assume a fixed pattern of behavior, or habitual disposition.¹⁷ The moral virtue lies between extremes of deficiency and excess, either extreme is vice.

In judging whether to undertake an action or not, thoughts of living up to certain ideals are into play- what kind of person would one be by performing a given action; a virtuous or vicious one. Rosalind Hursthouse¹⁸ formulates the guiding principle as follows: “An action is right if and only if it is what a virtuous agent (acting in character) would not avoid doing in the circumstances under consideration”. Therefore, in relation to CSR activities of business entities, virtue theory demands that the corporations are mandated to give back to the society and this should be done in good faith. The managers being people capable of virtue have an obligation to protect the society through activities carried out by their institutions.

¹⁵ Claus Strue Frederiksen, “The Relationship Between Policies Concerning Corporate Social Responsibility (CSR) and Philosophical Moral Theories: An Empirical Investigation”, *Journal of Business Ethics* 93 (2010), p. 359.

¹⁶ Michael Slote, “Shelly Kagan’s The Limits of Morality”, *Philosophy and Phenomenological Research* Vol. 51 no.4 December 1991, accessed September 16, 2022, pp. 915- 917.

¹⁷ *Nichomachean Ethics Book II* 1103a10-30.

¹⁸ Quoted in Mark Timmons, *Disputed Moral Issues: A Reader* (New York: Oxford University Press, 2007), p. 23.

The intent of this research therefore, is to expose the necessity of moral principles in the corporations' CSR activities. This research will evaluate how Kant's theory of morality can be applied to businesses' corporate social responsibilities.

CHAPTER TWO

A GENERAL UNDERSTANDING OF BUSINESS AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

2.1. Introduction

People engage in various activities to sustain themselves and their families. They venture into activities such as, running a business, which in itself takes various forms, ranging from operation of small business units (SMEs) to owning multibillion dollar corporation with operations all over the Globe. This chapter traces from history how economics and the thoughts regarding the ways of human life sustenance and wellbeing have evolved. It is from what is perceived to be the purpose of a corporation that the notion of CSR emerges.

This chapter discusses the CSR, its meaning and how it is part of business or corporation. The chapter demonstrates how the community qualifies to be regarded as a stakeholder, both in local and global setting. It ends with a discussion on the reporting needs of CSR as well as misleading on the activities. To start with, is a historical overview of economics and economic systems, which lays a landscape for the emergence and the role of a corporation.

2.2. Economics and Economic Systems

Since ancient times, it is clear and observable that, man works to sustain himself in meeting the basic needs of food and other things that are necessary for attainment of his ultimate end, which Aristotle says is happiness. Since he does not live in isolation and is inherently social, that is, that his full realization is attainable in the society, he inevitably interacts with others in the process of striving for this end. He produces and consumes the produce, exchanges what is produced with others, keeps some for the future, and searches for what he does not produce himself. This aspect of human social life, concerned with the production, the exchange, the distribution and consumption of commodities is what defines Economics.¹⁹ All the human behavior, actions and decisions concerning these processes are part of the subject. This

¹⁹ Daniel M. Hausman, "Philosophy of Economics", *The Stanford Encyclopedia of Philosophy* (Winter 2018 Edition), URL=<https://plato.stanford.edu/entries/economics/>.

interaction occurs at an individual, personal, household, firm, national and international levels. That is, both in macroeconomics setup and microeconomic setup.

The manner in which a society is organized, in terms of laws, institutions, that directly deal with or affect economic activities, or lack of them is its economic system. The economic system is a set of mechanisms and institutions, whose aim is to aid the resolve of questions of what goods and services are produced, how they are produced, and from whom they are produced. The systems are classified among the others on the basis of who owns the resources, the decision making processes applied in allocating the resources and products and the incentives and motives of the decision makers.²⁰

While in history there have been a number of systems, Heilbroner and Boettke²¹ group them into three: That is, those that are based on the principle of *tradition*; those that are centrally planned and organized according to *command*, and the rather small number, historically speaking but today predominant in many places, is the *market*.

Traditionally, people connected usually by blood or marriage worked for the survival of the group as a whole, to meet basic needs. Essentially, production is for a family's own use, and therefore, there is no reliance on the outside for exchange or sale for a profit. There are no predetermined rules, but kinship relations provide leadership according to customs and traditions, which determine what is produced, and how to deal with surplus, if any. There is division of labour mainly on the basis of sex and age; but all abled persons engage in production. In some parts of the world, religion also plays an important role, for instance, under Islamic Law of Banking (*Sharia Banking*), charging of interest on loans is not acceptable, while the *Caste system* in India restricts occupational choices.²²

²⁰ William A. McEachern, *Microeconomic Principles: A Contemporary Introduction* 9th Ed (Canada: South-Western, Cengage Learning, 2012), p. 34.

²¹ Peter T. Boettke, and Robert L. Heilbroner, "Economic System." *Encyclopedia Britannica*, October 23, 2020. <https://www.britannica.com/topic/economic-system>.

²² McEachern, *Microeconomic Principles*, p. 37.

In an economic system under command, a large part of the economy is controlled by a centralized power, often a federal government which possesses a very large amount of the valuable resources and also regulates their use. Historically, in monarchs, there are nobles and the serfs, the latter worked while the former owned the produce or were entitled to allegiance in form of rent for the land. The worst form is “slavery”, where the master owned not only the produce but also the person working for him, and the slave was tradable commodity. Because one party is exploited, the relation hinges coercion. There are moments in time when the oppressed were made to believe that their oppressors (monarchs) are divinely ordained and thus the exploitation inevitable and in accordance with natural law. A case in point is the Augustinian theory of Divine Right of Kings.²³

The market system moves from coercion. Instead resources are owned by individual organizations that are run by the people, who determine how the economy runs, how supply is generated, what demands are necessary; in a competitive environment. Further, products are produced as commodities for sale to make profit. Production inputs are privately and narrowly distributed in the population. Wage labour is employed in the production. This creates a divide between economic and political realms. Adam Smith restricts the duties of government to only three functions: provision of national defence; protection of each member of society from the injustice or oppression of any other; and establishment and maintenance of those public infrastructure and institutions.²⁴

In reality, what exists is a mixed economic system, a combination of different aspects of the systems in varying proportions. Primarily, this mixture refers to market and command economy.

²³ Quoted in Quentin Skinner, “Political Philosophy”, *Cambridge History of Renaissance Philosophy*, Charles B. Schmitt and Quentin Skinner (Eds.), (Cambridge: Cambridge University Press, 2008), pp. 389-452.

²⁴ Adam Hayes, “Adam Smith and The Wealth of Nations”, *Investopedia: Economics*, Michael J. Boyle and Ryan Eichler (Eds.), 2022, URL= <https://www.investopedia.com/updates/adam-smith-wealth-of-nations/>, accessed 26, September 2022.

2.3. Decision Makers in an Economy

There are three main parties that play key role(s) in an economy and thus deserve recognition as decision makers. These are: the household, Firm and Government. Each of the three decisions emerged at a different point in history, and its nature and role have evolved.

2.3.1. Household

In a traditional setting, people related by blood or marriage or any kind of acquaintance stayed together, with each abled person contributing to production in that family, which was basically agricultural. They produced what they needed for sustenance. Each family was self-sufficient or self-contained. It is in times of catastrophes like famine, because of drought or sickness that they went outside their communities especially in search of food. With technological advancement, farm productivity increased significantly; fewer farmers were needed. At the same time, factories demanded labour in urban centres. At first it was men but later women joined in selling their labour. In some instances, even members of the same family started living in geographically scattered places. Today, this is a common practice.

Over time, the structure of the family as an economic unit has changed significantly, and economists usually refer to a household instead, which is understood as people who usually live together under the same roof. The people could be related by blood but a household also includes institutions like armed forces and institutions of learning with lodging facilities. Economists assume that rational households aim to maximise *utility* or wellbeing. That is, they prefer to acquire a given quantity of goods and services at the lowest price possible without compromising the quality or any value added services. They own limited resources in terms of labour, capital, natural resources and entrepreneurial abilities in the midst of limitless wants and needs, that even keep changing.

In this setting, the household though can produce some goods and services to meet some of the needs, it is not self-sufficient, usually, they sell some of their resources and use the income to buy other goods and

services in the market. The main resources sold in most household is labour. In principle, a household plays a role of supplier of resources and demander of finished goods and services.

2.3.2. Firm

Individual households no longer able to provide for their needs and more so efficiently, organisations emerged, which mobilise resources from different households, to produce goods and services. Economists refer to such a unit as a *Firm*. Unlike households that are motivated by maximising utility, firms are profit-seeking entrepreneurs. In this setting, the household though can produce some goods and services to meet some needs, it is not self-sufficient. They produce goods and services demanded and allocate to the consumers on the basis of the *effective demand*.²⁵ Ordinarily, they operate in a competitive environment, so in order to maximise profits, they tend to focus more on curtailing the cost of production since rational customers would not accept a price above the market rate.

A firm can belong to a single owner, which is known as *sole proprietorship*, or it can be a shared ownership between many persons or organisations. The latter kinds of firms include, *partnerships*, *cooperatives* and *corporations*. The risk exposure and corresponding sharing of rewards depends on the ownership structure. Whereas a single owner enjoys all the profits, he equally bears all the risks compared to the other types where the rewards are shared and the liability either shared or limited to the investment value. Since this study focusses on a corporation, it will not divulge into discussing of other types of the firm herein.

2.3.2.1. Corporation

A *corporation* is a type of a firm that belongs to many stakeholders whose liability is limited to the value of their stock ownership. It has a legal personality or recognition separate from that of its owners. Though fewer in number, compared to sole proprietorship, corporations tend to operate on large scales, and thus exert more influence in an economy. For instance, according to the United States Census Bureau, Statistical

²⁵ Defined by the desire backed by the ability to pay for the goods and services. McEachern, *Microeconomic Principles*, p. 62.

Abstract²⁶, in 2010 corporations constituted 19% of the number of businesses in the United States, but accounted for 83% of all the sales during the same period.

The corporation²⁷ generally takes two forms: a *Private Limited Liability* and *Public Limited Liability*. In the former case, owners are specific individuals, each holding a defined number of shares. Any change in the individual's stockholding can only be with the consent of the existing holders, and there is also a maximum number of owners. Where liability is public, any number of people can own stock for it is tradable on the stock market.

The governance of corporations especially the big ones is in such a way that their running is delegated to skilled agents; and even if the owners (shareholders) had the relevant expertise to manage them, the ownership, in particular the public limited companies, is too diverse for effective coordination. The agents make day-to-day decisions on behalf of the shareholders, reserving the very significant ones for the meetings that are normally once a year.

2.3.3. Government

The notion of price mechanism is what drives the market. Though deemed as the most efficient means of allocating resources and determining prices, *market failure*²⁸ crops up, which calls for the Government's intervention to correct it. These include promotion of competition, provision of public goods²⁹ like security, education and infrastructure, and addressing *externalities*.³⁰ Governments also redistribute incomes through taxing the rich and providing subsidised or free social services to the poor and direct cash transfers in some places. However, there is no agreement on how far this redistribution should go. Through respective

²⁶ McEachern, *Microeconomic Principles*, pp. 46-47.

²⁷ The corporation is the kind or type of firm we are concerned with, and any further use of the term "firm" should be understood to mean "corporation".

²⁸ This is a condition when unregulated operation of the market yields undesirable results for the society as a whole. McEachern, *Microeconomic Principles*, p. 487.

²⁹ Though there is a tendency to leave business to private firms, where the private sector does not provide the commodities at all, or not efficiently, the government often engages in provision of such services. Common areas include water, electricity, infrastructure. McEachern, *Microeconomic Principles*, pp. 313-325.

³⁰ Economics define "Externalities" as the private costs or benefits that production or consumption imposes on the third-party to the transaction. McEachern, *Microeconomic Principles*, pp. 50-51.

agencies, government establishes and enforces rules to preserve and protect rights and obligations of the different players in the economy, so as to maximise the well-being of the society as a whole.

For executing this role, governments mobilise the revenues mainly from taxes. Other sources include user charges, fines, borrowings and grants. The tax system varies between economies, though in principle, it should reflect the level of services the government finances and what individuals ought to finance themselves.

2.3.4. Civil Society

Besides the above mentioned main decision makers in an economy, there are organisations that engage in provision of services for a specific group of people in the society, usually whom they deem to be in great need yet not adequately served by government, or to promote a specific area of interest. They aim to help the targeted people achieve their goals. They include non-profit hospitals, private schools, religious organisations, cultural organisations, foundations, labour unions, professional bodies among others.

While these may not directly engage in production of day to day commodities, they are somewhat consumers, but most importantly, a number of them influence policies, laws and trade decisions through lobbying and activism in their respective areas of interest, like protest and other campaigns.

From the above, it would seem that the roles of various players are clearly defined. That for instance, while governments are responsible for providing public goods to the society, corporations' obligations end with payment of taxes and compliance with other legal obligations. However, in practice, corporations engage in activities that would otherwise be a responsibility of the government, and there has been a debate as whether this is part of their objective.

2.4. Purpose of a Business Corporate

In the previous section, we saw that a household thrives to cater for the well-being of its members. In contrast, a corporation by nature has many interested parties, for it is an open system. The corporation draws resources

from without and sells the commodities produced to outsiders; its operations are regulated, and the whole process is normally associated with externalities, positive or negative.

The questions under debate for years has been: What is the objective of a firm? In whose interest is it governed? Is the primary objective or purpose of the firm's existence subordinated only to the shareholders or to all stakeholders³¹ among which shareholders are just one interest group with a special status? As Dolenc, Stubelj and Laporse³² rightly observe, these questions pointed out above remain unsolved, both from theoretical and empirical perspectives. Two main schools of thought have emerged overtime: one supports the *Value/Shareholder Theory* and the other, the *Stakeholder Theory*. We now turn to each of these theories.

2.4.1. Shareholder Theory

The *Classical Economic School*³³, is regarded as the first school of economic thought, stresses Laissez-faire ideas and free competition. They held that, markets work best when they are left alone. That when neither hampered nor coddled by government, the markets would best promote a nation's economic growth. Adam Smith³⁴ supports the idea of every individual employing capital to maximise profits. However, he argues that, "the individual while he intends only his gain...is led by the invisible hand to promote an end which was not part of his intention. Nor is it always the worse for the society that it was not part of it. By pursuing own interests, he frequently promotes that of the society more effectually than when he really intends it."

³¹ A stakeholder is persons or organisations that can affect or be affected by the entity's actions, objectives and policies. Examples of key stakeholders are creditors, directors, employees, government, owners (shareholders), suppliers, customers, trade unions and the community from which the business draws its resources and operates.

³² Primož Dolenc, Igor Stubelj, and Suzana Laporšek, "What is the Objective of a Firm? Overview of Theoretical Perspectives", University of Primorska, 2012. <https://www.hippocampus.si/ISBN/978-961-6832-32-8/papers/dolenc.pdf>. (accessed 04 October 2022).

³³ A Movement of British Economists that began in the 18th Century with the Scottish Economist and Philosopher Adam Smith (1723-1790). The other followers were; Robert Malthus (1766-1834), David Ricardo (1772-1823) and John Stuart Mill (1806-1876).

³⁴ Adam Smith, *An Inquiry into the Nature and Causes of Wealth of Nations*, (Basil: J.J. Tournelsen and J.L. Legrand Publishers, 1791), pp. 348-350. Accessed 10 October 2022.

Emanating from this thinking, traditionally, the cardinal motive of the firm has been *profit maximisation*. A number of Economists hold the same view to date. Milton Friedman argues boldly that:

There is one and only one social responsibility of business. That is, to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.³⁵

The arguments advanced in support of the theory centre mainly on the risk that shareholders undertake in providing capital. In many jurisdictions, on liquidation of a corporation, the law ranks shareholders last in the priority of those to be paid from the residual assets.

Thus, the shareholder theory, provides that interests of the owners is the primary objective of the corporation, though this does not imply ignoring interests of the other interested parties, for the business cannot run without them. The interests however go beyond the short-term focus on reaching the highest profit. Because equity is a long-term financial investment, the shareholders' interests can only be defined in terms of present value of the possible future cash flows³⁶.

The problem of short-term gains, especially basing on the stock market prices, is intensified by speculation other than internal value of the corporations. The end may be inexpressible losses when the “bubble bursts” like the case was with the 2008 “credit crunch” that emanated from the housing mortgage market crisis in America, that spread all over the world, and shrunk economic activities worldwide.

2.4.2. Stakeholder Theory

A departure from the primacy view the owner of a corporation, the *stakeholder theory* holds that the shareholders are but one of the stakeholders in the corporation. This theory is credited to R. Edward Freeman³⁷. His view is that, “Managers bear a fiduciary relationship to stakeholders, ...each of these

³⁵ Milton Friedman, *Capitalism and Freedom*, 1982, quoted in Moon Chris, Bonny Clive, et al., *The Economist Books: Business Ethics* (London: Profile Books Ltd, 2004), p.1.

³⁶ Primož Dolenc, Igor Stubelj, and Suzana Laporšek, Op. cit.

³⁷ Edward Freeman, “A stakeholder Theory of the Modern Corporation” *Perspectives in Business Ethics*, 3rd Ed. Laura P. Hartman (Ed) (New York: McGraw-Hill, 2005), p. 112.

stakeholder groups has a right not to be treated as means to an end, and therefore must participate in determining the future direction of the firm in which they have a stake". As we shall see later, this thinking resonates with the Kantian view on the dignity of a person- as an end and not a mere means.

Freeman justifies his claim of the "stake" from two perspectives: legal and economic. He argues that changes in laws have seen the stakeholders obtain rights. For instance, customers can sue companies for damages connected to their products consumed; a number of employment laws are in place; so are environmental protection regulations. Economically, he considers the doctrine of the "invisible hand" barren. He posits that it fails to address the problem of *free riders*³⁸ in view of public goods as well as externalities and moral hazards.³⁹

Besides what may be legal claims against a business corporation, the business environment has changed greatly, twists to developments in technology and globalisation among other factors. Competition is thus higher than ever before, and to survive, business rely heavily on linkages and collaborations for competitive advantage. This renders the image and reputation key, and corporations invest heavily in a number of activities to establish and maintain relationships with the various stakeholders beyond the shareholders. Reputation is nothing but the goodwill of all stakeholders. Hence, understanding their views and meeting their needs are vital means of shaping reputation and managing the risks thereof.

Consistent with "looking beyond profits", organisational performance applies broadened tools like *Value Dynamics Framework*⁴⁰, which in addition to the traditional balance sheet assets, take care of "intangible assets". These incorporate the perspective of customers, employees and suppliers into the overall performance.

³⁸ A 'Free rider' is an Economic notion meaning person who enjoys benefits of a public good without paying for it, given that by nature of a public good, nobody can easily be excluded from its consumption.

³⁹ Edward Freeman, "A stakeholder Theory of the Modern Corporation", p. 113.

⁴⁰ Richard Boulton, Barry Libert and Steven Samek, *Cracking the value code: How Successful Businesses Are Creating Wealth in the New Economy*, New York, Harper Collins, 2000; quoted in Joel Hagan and Chris Moon, "New Economy, New Ethics", *The Economists Books: Business Ethics*, Moon and Clive Boony (eds), (London: Profile Books Ltd, 2004), pp. 17-18.

One of the tools that Marketing employs today is *Corporate Social Responsibility (CSR)*. In the subsequent sections, we will discuss its meaning and application, and the form it takes; and thus from the Kantian thinking, how moral is CSR.

2.5. Corporate Social Responsibility

As previously discussed, a corporation has a responsibility to optimize benefits for all its stakeholders. Carroll⁴¹ classifies the initiatives that organisations can undertake to meet interests of all the stakeholders in a balanced manner into four: the economic, legal, ethical and philanthropic dimensions, and argues that they can be viewed in a pyramid as Figure 1 depicts.

At the basic level, the firm has to provide economic benefits to the stakeholders: investment returns to investors, goods and services to the economy, create jobs for the community among others. Because large firms enjoy economies of scale, and lower costs of unit production and thus gain a competitive advantage, the firms aim to grow in size. On the other hand, smaller and upcoming businesses are locked out, so that the size may be concern to the community as it were to the competitors. It provides the basis not just because it is the most important, but rather on the basis of financing the other perspectives.

In addition to the traditional business laws: company laws, contract laws, mortgage, among others, governance issues have attracted a number of laws and regulations at national and local levels; and so have the environmental concerns and e-business. The firm ought to play according to the rules of the game or else face charges, fines and probable persecution of the directors.

Given the economic and legal responsibilities, the firm ought to operate within acceptable principles and standards from various points of view. That is; company, industry, government, customers, special interest groups and the society as a whole. Carroll argues that ethical responsibilities come about because laws are

⁴¹ Archie B. Carroll, "The Pyramid of corporate Social Responsibility: Toward the Management of Organizational Stakeholders", *Business Horizons*, July/August, 1991: 42. Quoted in William M. Pride and O.C. Ferrel, *Marketing Foundations*, 4th Ed. (Cengage Learning, 2011), pp. 69-72.

not adequate. In argumentation, these responsibilities embrace those activities and practices that are expected or prohibited by societal members, even though they are not codified in law.

On the top of the pyramid is the philanthropic dimension. This entails what firms undertake to promote human welfare that goes beyond what they are required to do. It includes one-off donations especially in terms of disaster. However, some corporations have established foundations to fund specific areas of interest like scholarships for education and treatment or research in certain areas; others contribute regularly to existing charity organizations.

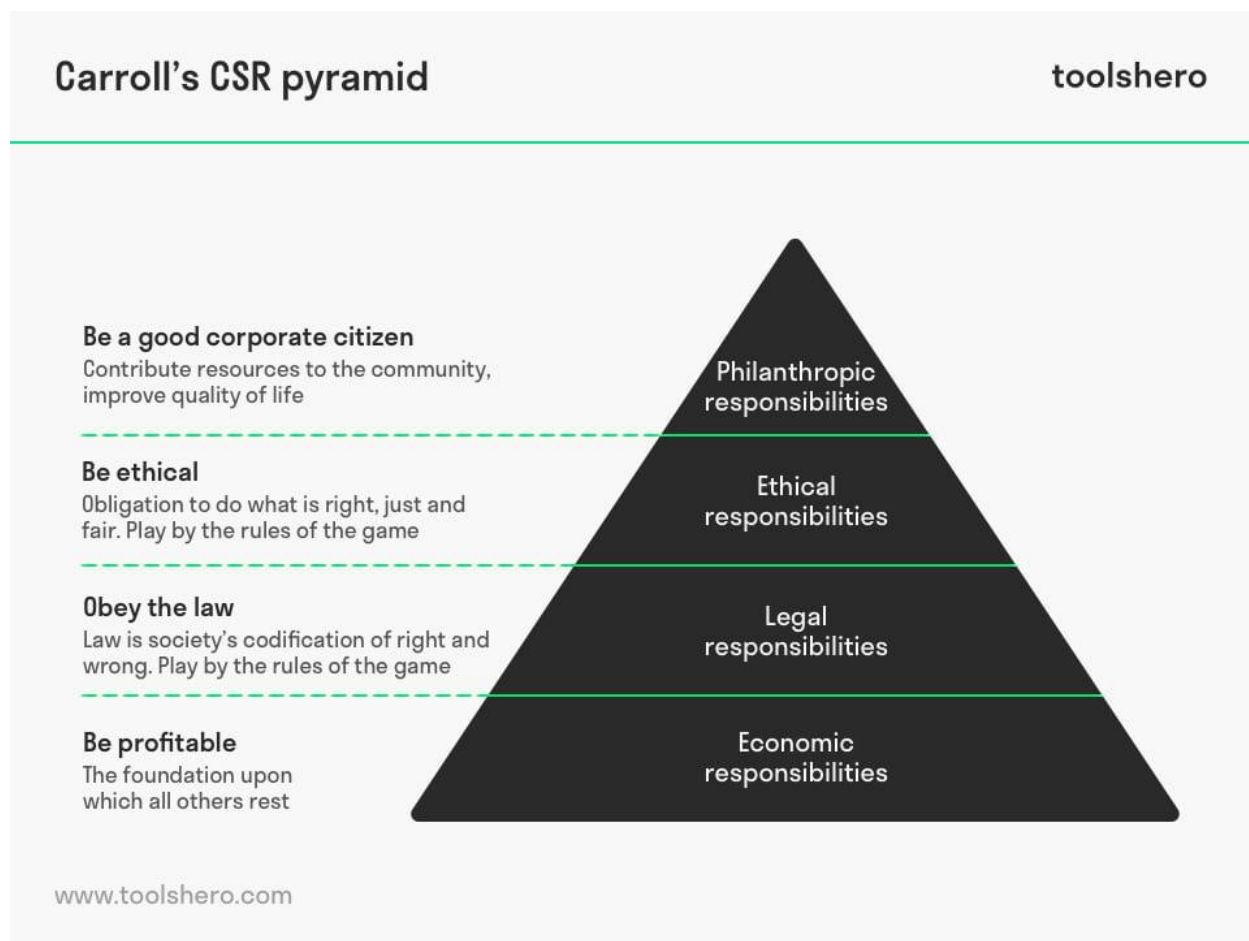


Figure 1: The Pyramid of Corporate Social Responsibility⁴²

Noteworthy, corporations ought to integrate all the four aspects in their CSR plan. In the words of Cherry and Sneirson, “More generally, CSR means managing a business with equal regard for financial

⁴² Adapted from: <https://www.toolshero.com/strategy/carroll-csr-pyramid/>

performance, environmental consequences, and social impact”.⁴³ The performance assessment takes on what is known as *The Triple Bottom Line* framework, which in addition to the usual financial performance, focuses on the impact of the business on a broader economy, the environment and on the society in which it operates.

2.6. Community as a Stakeholder

Under the stakeholder theory, we saw that managers have a fiduciary duty to establish and manage relationships with stakeholders. Bowie and Werhane⁴⁴ argue that a local community is necessary for the firm’s survival. In this case, it is a stakeholder, even from the narrow definition. That is, looking at a stakeholder as the party that a given corporation cannot exist without.

Further, they argue that corporations draw benefits from communities where they operate, and though they pay taxes and provide jobs, they (corporations) usually ask for tax breaks and also engage in offshore production. In the end, the community gives the corporation more than it gets back. Thus “giving back to the community” is a reciprocal obligation and an act of fairness, which corrects the imbalance between the benefits a corporation gets from the community, and what it pays back.

However, some economists like Friedman still argue that CSR is wasting the shareholder’s wealth. He argues that if there are social responsibilities, they are for individuals not the business.⁴⁵

Conversely, Friedman’s argument could only be a theoretical argument. As we have seen, even in the most capitalistic economies like the United States of America, many corporations engage in CSR activities.

⁴³ Miriam A. Cherry and Judd F. Sneirson, “Beyond Profit: Rethinking Corporate Social Responsibility and Greenwashing after BP Oil Disaster”, *Tulane Law Review*, 85, no. 4 (March 2011): 983-1038. *Academic Search Premier*, EBSCOhost (accessed October 10, 2022).

⁴⁴ Norman E. Bowie and Patricia H. Werhane, *Management Ethics*, p. 101.

⁴⁵ Milton Friedman, “The Social Responsibility of Business is to Increase its Profits”, *New York Times Magazine*, September 13, 1970. Quoted in Tom L. Beauchamp, Norman E. Bowie and Dennis G. Anold (eds), *Ethical Theory and Business*, 8th Ed. (New Jersey: Pearson Prentice Hall, 2009), pp. 51-68.

2.7. CSR Reporting

The *Triple Bottom Line* performance management framework that modern corporations are adopting, performance is now tending towards a *Sustainability Report*, away from a mere financial report. The former is a report published by a company or organization about the economic, environmental and social impact caused by its everyday activities. While others have adopted it as a best practice, in some jurisdictions it is a requirement of Government and Market regulators. Different agencies have stipulated standards and policies on reporting.

Under the *2030 Agenda for Sustainable Development*, on 25 September 2015, the United Nations adopted the *Sustainable Development Goals (SDGs)*. Under Goal 12, “Ensure sustainable consumption and production patterns”, Section 12.6 states that: “Encourage companies, especially large and transnational companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle.”⁴⁶ Therefore, soon all UN members will require or encourage all corporations to include sustainability information, which is basically CSR, in their reporting.

Even outside the formal reports, corporations often publicize their activities in the media- press conferences, corporate magazines, as well as their web pages. They often invite the media when performing such acts like commissioning of the projects they have financed and handing over donations to the beneficiaries, and brand items they are donating, among others. The motive of publicizing their activities is not clear. Could it be a mere adherence to the law? Could it be for accountability, if so, to who? For if this were the case, many transactions of the corporation would be advertised but in reality most of them go unnoticed and or are considered private and confidential. Is it informative to other members of the community that are in need to come also for assistance? Or the intention is rather, for the corporation to be seen or merely perceived

⁴⁶ United Nations, *Transforming our world: the 2030 Agenda for Sustainable Development*. <https://stg-wedocs.unep.org/bitstream/handle/20.500.11822/11125/unepswiosmlinf7sdg.pdf?sequence=1>. Accessed October 10, 2022.

as a pro-people corporation. We will return to this issue while discussing the morality of CSR from Kantian Theory perspective.

2.8. Greenwashing and Faux CSR

In their sustainability reports or marketing campaigns, organisations at times misrepresent themselves. They somehow spend more time and money claiming to be “green”, exaggerating what they are, than actually implementing business practices that minimize environmental impact. Cherry and Sneirson⁴⁷ call it “Faux CSR”. They postulate: A corporation might boost its sales or boost its image through environmental rhetoric, but at the same time either pollute the environment or decline to spend money on the environment, employee welfare, or otherwise honour its commitment to the other constituents.

Greenwashing dupes the corporation consumers, investors and other partners that choose to deal with it on the ground of the perceived social responsibility, yet in actual sense it is a hoax; an act of betrayal. They give an example of BP. For about a decade to the Oil Disaster, the corporation ran a campaign dubbed *Beyond Petroleum* to give it a brand of a greener corporation, which cost BP hundreds of millions of dollars. Before the disaster, the strategy had turned it into the eighty-third strongest brand in the world. Their donations included 655 acres of land in New York in 2006 for a Nature Conservation Project, and \$500 million in 2007 to a National Laboratory towards development of alternative energy resources. The company boasted of many environmental care initiatives.

At the same time, the corporation compromised safety of the workers and water pollution to avoid spending money and time, and thus maximize profits. Regular maintenance of the pipeline, employment of experienced engineers, responding to risk flagging reports, are some of the things that the company ignored.

Given the glaring disconnect between BP’s created image and the actual behavior, Cherry and Sneirson observe that BP’s “Beyond Petroleum” and the benevolence were not socially responsible, but rather

⁴⁷ Miriam A. Cherry and Judd F. Sneirson, “Beyond Profit: Rethinking Corporate Social Responsibility and Greenwashing after BP Oil Disaster”, no. 4.

targeted growing profits and the shareholders' profits. The "short-sightedness" however, did not take them far; with effects of negligence brought to light, investigations dug deeper into the company's violations, \$20 billion was an out of court payment to a general purpose fund to meet the cost of clean-up and compensation of those affected.

Bowie and Werhane argue that, given many stakeholders in a company whose interests at times may conflict, any activity that aims to serve interests of different stakeholders at the same time is plausible. However, they condemn hypocrisy. According to them, "claiming credit from something that is not your intention is hypocritical".

Taking the example of BP, *greenwashing* may work but only in the short-run. In the long-run, using beneficiaries of the benevolence as a means to profit maximization while duping unsuspecting customers, investors and the public, creates an expectation, which once the reality come to light and the opposite is revealed, sweetness turns into bitterness, and the bubble (false image created) bursts. The negative publicity that ensues erodes all the positive that was ever created.

2.9. Conclusion

The discussion shows that Corporate Social Responsibility are those activities which organisations undertake to contribute to the social well-being of the society. The society is vital to the corporation, and while the latter could claim meeting its legal obligations like taxation as enough, these are never enough, compared to the various negative externalities corporations expose the communities to.

Corporate Social Responsibility has changed corporation performance framework to a *Triple Bottom Line* that looks at three perspectives: Financial, Environmental and Social impact of the corporation. It is one of the "UN Sustainable Development Goals (SDGs)" of 2015, to encourage corporations to adopt this framework of reporting. However, what corporations say of themselves should not be taken at face-value. In order to maximize profits, like the case of BP, the public and other stakeholders have been misled.

CHAPTER THREE

AN EXPOSITION OF THE KANTIAN MORAL THEORY

3.1. Introduction

Before reflecting on CSR from the perspective of the Kantian Theory of Morality, we look at morality in general by defining what it really is. Further, the demonstration that morality is predicated of human beings and their conduct, corporations too can justifiably be judged of the same, thus the concept of corporate morality or ethics.

3.2. Meaning of Morality

The words “moral” and “morality” are derivatives from a Latin word “*mos*”, which is an equivalent of Greek word *ethos* meaning custom or character. Customs or morals differ from manners, which are mere conventions, like modes of dress, forms of speech or table etiquettes. The latter vary between different parts of the world and may change with time, unlike the former, they are not fundamental to living good human life.

As people live, they are introduced to what is considered to be the right and wrong ways of conducting themselves, springing from customs, religion or profession and other perspectives. This was the same with the traditional society, where everything was explained in terms of traditions and myths. However, when man started a search for answers for various phenomena, applying reasoning other than having recourse to traditions and myths, the way of living became one of the areas of focus. Philosophers asked themselves whether there exist ideal ways of human conduct. This gave birth to the branch of philosophy called, *Ethics* or Moral Philosophy.

Moral Philosophy deals with inquiry into human conduct with respect to their rightness or wrongness in view of living a good and meaningful life, exclusively from the perspective of reasoning. It helps to define

human acts⁴⁸ into three categories: the right and therefore ought to be done; the wrong which ought not to be done; and the neutral ones which one may do or not do. To the extent that a subject undertakes human acts, that is, acts responsibly from reason, it is a *moral agent*.⁴⁹ Gibson⁵⁰ gives a plausible explanation of responsibility in the context of morality: “A key meaning of the term ‘responsible’ is that an agent is the cause of an outcome and therefore deserves appropriate praise or blame, and the associated financial reward or liability”.

The term “Morality” is applied in this paper to mean how human beings ought to conduct themselves, and from a reflective sense, that is, reasoning, as opposed to say, customs or religion; or any other source of unmeditative beliefs. Essentially, Morality (being moral or immoral) is a quality of human beings.

3.3. The Corporation as a Moral Agent

This far, we have discussed human conduct yet a corporation is an “artificial entity”, with legal existence separate from that of its owners, executive managers, and even employees. Is it justified to conceive the morality of such an entity, or its responsibility ends with legal obligations? In responding to this question, Gibson⁵¹ discusses two contrasting thoughts. The first he calls the *reduction* approach. This holds that it is only human beings that have a moral sense and obligations, and not a corporation. Corporations being made of and run by people, any wrong they do can only be traced to the culpable individuals and the blame assigned accordingly. The argument points at the individuals in case of blame, but it is silent on reward. Probably the proponents would argue that they entered into relationship with the corporation to create value for it and they are compensated for the same, so the reward belongs to the corporation.

The second view regards corporations as moral agents over and above the individual members. It holds that there are times when acts in a corporation cannot be wholly attributed to individual persons without residue;

⁴⁸ Milton A. Gonslaves, *Fagothey's Right & Reason: Ethics in Theory and Practice*, 9th Ed (New Jersey: Prentice Hall, 1985), pp. 16-17.

⁴⁹ Barbara Mackinnon, *Ethics: Theory and Contemporary Issues*, 6th Ed (Belmont, California: Cengage Learning, 2009), p. 357.

⁵⁰ Kevin Gibson, *Ethics and Business: An Introduction* (New York: Cambridge University Press, 2007), pp. 102-103.

⁵¹ Gibson, pp. 106-121.

and in some instances, not even a single person can be identified for the blame. Organisations have shared values, some of which are written down for example, codes, policy statements and policies; and even unwritten ones, all contribute to corporate culture, that form and inform the way of conducting business. These outlive individual members, and even those that join need to resonate with the culture in order to thrive. Further, the decision-making process normally involves many players within the corporation; managers are responsible to actions and omissions of the employees working under them, so a given action ordinarily consists of a long thread of ‘sub-actions’ and decisions, and is greatly influenced by the working environment.

In the scenario of the BP Oil disaster, Cherry and Sneirson⁵² illustrate how corporate culture influences morality. The company, with the aim to minimize oil drilling costs, in terms of time and money, compromised the safety of their workers and marine life in the Gulf of Mexico. Investigation reports quoted alleged among others, that the company relied on offshore inexperienced engineers and ignored regular maintenance of the oil pipe for a decade to the oil spill; and the staff who pointed out the risks were always threaten. It is an example of such a complex environment that apportioning blame would be difficult and inexhaustible.

Furthermore, in a corporation, the effects of the actions of individuals are shared by all members, irrespective of their involvement, and the corporation as an entity. The morally questionable acts specifically, taint the image of all members.

In discussing the autonomy model of corporate morality, which they attribute to various commentators, Kaptein and Wampe⁵³ argue that, as long as members (directors, managers, employees) act in pursuit of the corporation’s interests, it (corporation) is responsible for the moral actions of its members. But when the members pursue individual interests, then they take personal responsibility. This is consistent with the

⁵² Cherry and Sneirson, “Rethinking Corporate Social Responsibility and Greenwashing after the BP Oil Disaster”, PP. 995-996.

⁵³ Muel Kaptein and Johan Wampe, *The Balanced Economy: A Theory of Corporate Integrity* (New York: Oxford University Press, 2002), p. 109.

principle of “lifting the veil of incorporation” under the company law, which holds that when it is proven that the directors of the company are not executing their fiduciary duties but pursuing interests contrary to those of the company, courts put aside the separate corporate identity and allow for the personal liability of the directors severally and or jointly.

From the above discussion, the actions of a corporation do impact on the well-being of the society, positively or negatively. Therefore, it has responsibility towards the society beyond its obligations that are enforceable by the law, and thus, a moral agent.

3.4. Kantian Moral Theory

Most theories of morality, for instance; *Utilitarian theory*, *Natural Law Theory*, *Natural/Human Rights Theory* and *Virtue Theory* judge morality on the basis of the end and thus teleological in nature. As it will be shown in this study, the Kantian Theory is Deontological in nature, and focusses on the motive and the act itself irrespective of the consequences. This section covers the key aspects of the theory and end with criticisms, before being applied to Corporate Social Responsibility (CSR) in the next chapter.

The theory derives its name from the works of a German Philosopher, Immanuel Kant. The environment and life experiences ordinarily influences one’s way of thinking. To give a proper context of the views, the paper gives an overview of his life and then proceeds with a discussion of the key tenets of the theory.

3.4.1. Synopsis of Life and Works of Immanuel Kant

Immanuel Kant was born in Konigsberg, East Prussia, on April 22, 1724. It is said that Kant spent his entire life within 26 kilometers of this town, and died on February 12, 1804. His parents were Pietist. Pietism was considered an evangelical Lutheran movement that emphasized conversion, reliance on divine grace, the experience of religious emotions, and personal devotion involving regular bible study, prayer, and introspection. From the age of eight, through fifteen, Kant attended a pietist school, where they were subjected to a forced soul-searching. But Kant detested the practice.

It is at the University of Konigsberg, known as the Albertina, where he encountered the philosophical approach of Christian Wolff⁵⁴ which was then very influential in German universities. He also got exposed to a range of German and British critics of Wolff, as well as Aristotelian, Pietism, and the work of Isaac Newton.⁵⁵ Later, he taught philosophy at the same university from 1755 until his retirement in 1796.

Kant's first works are greatly influenced by the Leibniz-Wolffian ideas and British empiricism. David Hume (1711-1776), in particular, whom he says woke him up from "dogmatic slumber" played a bigger role, among the empiricists. The works are generally characterized by insights from British empiricists to reform or broaden the German rationalist tradition. They are less critical and limited in originality. His *critical Period* runs from about 1780 to the time of his death. This is when he discarded most of his earlier ideas. The main works include: *The Critique of Pure Reason* (1781), the *Grounding for the Metaphysics of Morals* (1785), the *Metaphysical foundations of Natural Science* (1786), the *Critique of Practical Reason* (1788)⁵⁶, the *Critique of the Power of Judgement* (1790), *Religion within the Limits of Reason Alone* (1793), and the *Metaphysics of Morals* (1797). Several other compilations of Kant's lecture materials from other courses were published later, but these were not prepared by Kant himself.

Kant gained international fame especially in the late 1780's; and the emergence of the *German Idealism* with thinkers like Johan Gottlieb Fichte, Friedrich Schelling and George Wilhelm Friedrich Hegel, is attributed to him. The Analytic philosophers and logicians, Gottlob Frege and Bertrand Russell were influenced by his mathematics. In political and moral philosophy, Jurgen Habermas and John Rawls are his main followers in supporting the Kantian view that universality is essential to any viable moral philosophy and arguing against relativism.

⁵⁴ A German Rationalist Philosopher Christian Wolff (1679-1750). His philosophy is commonly referred to as *Leibnizian-Wolffian philosophy* because of the influence Leibniz had on him.

⁵⁵ According to Rolf, Kant's first published work, *Thoughts on the True Estimation of Living Forces* (1747), was a critical attempt to mediate a dispute in natural philosophy between Leibnizians and Newtonians over the proper measurement of force.

⁵⁶ Also known as the "Second Critique"; the First Critique and Third Critique being the "Critique of Pure Reason" and the "Critique of Judgement" respectively.

3.4.2. Principles of Kantian Theory

Kant's enquiries are enormous and varied; but he summarizes them all into three questions which include: What can I know? What ought I to do? What may I hope? He says the first one is speculative and deemed that he had addressed it in the *Critique of Pure Reason*; the second one is practical and the third both speculative and practical. He argues that while hope implies action for happiness, he calls this practical law from the motive of happiness, pragmatic, and argues that there is the practical law which is such that it has no other motive than the worthiness to be happy and calls it moral law. The former is experienced based, while the latter is *a priori*⁵⁷. He returns to this argument in the works on *Morality*.

In the *Grounding for the Metaphysics of Morals* (1785), Kant postulates that there exists a fundamental principle that guides how human beings ought to act, which must be capable of grounding a definitive answer in all circumstances. He agrees with Wolff's view of universality of ethics. Wolff argues, "the resemblances between Chinese and Western ethics shows that ethics is based on universal human reason and human nature, not on divine revelation vouchsafed only to Western civilization."⁵⁸ Kant argues that given human experiences are different, no empirical study that is dependent on the contingent nature of the world as we experience it, can provide the sort of principle that he seeks. He concludes that instead; the principle can only be established by means of *a priori* investigation.

It is on the basis of *a priori* study that he formulated the theory characterized by these tenets: freedom and autonomy, duty, goodwill, and categorical imperatives.

3.4.2.1. Freedom and Autonomy

Kant rightly argues that man as a physical or sensible being and intelligent being, is subject to laws of nature; and an intelligible or pure rational being acts within the laws of freedom. As a thinking being, man is capable

⁵⁷ Immanuel Kant, *Critique of Pure reason* (1781), Paul Guyer and Allen W. Wood (Trans. & Eds.) (Cambridge, England: Cambridge University Press, 1998), pp. 677-678.

⁵⁸ Lewis White Beck, "From Leibniz to Kant", in Solomon C. Robert and Higgin M. Kathleen (Eds.), *Routledge History of Philosophy Volume VI*, Taylor & Francis e-Library, 2004, pp. 5-68.

of acting in accordance with the laws that he has established other than those imposed from without, which is his free will or autonomy.⁵⁹

In so far as they (persons) determine their own will independent of inclinations and external influences, they recognize the law of freedom with which they ought to act. Otherwise, he is driven by inclinations of the physical.

3.4.2.2. Goodwill and Moral Worthiness

Kant begins the *Grounding* with the phrase “There is no possibility of thinking of anything at all in the world, or even out of it, which can be regarded as good without qualification except a goodwill”⁶⁰. He considers this as the highest good because other things be they talents of mind, fortunes and all things that generally bring about conditions well-being and contentment or happiness, can only contribute to the intrinsic good of a person but not absolutely good in themselves, because there are circumstances in which they may cease to be good. For instance, intelligence while generally deemed to be good, but when a fraudster applies it in money laundering it is evil.

He emphasizes that, a goodwill is good not because of what effects it accomplishes, nor because of its fitness to attain some proposed end, rather it is good only through its willing. That is, it is good in itself.⁶¹ For Kant, it is therefore not the end that is important, but rather the intention. Even if the task is not accomplished, as long as the intentions were good, it is moral since there is good will.

3.4.2.3. Duty and Reverence for Law

Human beings have a tendency to act out of natural inclinations like being generous, or honest; or we act in self-interest. That is, aiming at attractive results or consequences. Such acts have no moral worth from the Kantian thinking.

⁵⁹ Immanuel Kant, *Grounding for the Metaphysics of Morals* (1785), Trans. By James W. Ellington (Indianapolis: Hackett Publishing Company, 1981), pp. 49-50.

⁶⁰ Immanuel Kant, *Grounding*, p. 7.

⁶¹ Immanuel Kant, *Grounding*, p. 7.

The moral worth is not in the purpose to be attained but in the maxim⁶² or principle according to which the action is determined; and the action being done out of respect for the law even when they be against one's inclinations and self-interest. Again, this is a reserve for rational beings, though they may be swayed by inclinations.

3.4.2.4. Categorical Imperatives

For human will to be determined in accordance with objective moral law, that is, to serve as “practical principle to all rational beings if reason had full control over desires”, Kant holds that there are constraints to the will, or commands, which he call *imperatives*. They are of two types; *Hypothetical* and *categorical* Imperatives. The former are the practical necessities of achieving something else that one desires and deems possible. They point to a means to an end. Studying harder to excel in an examination is an example.

The Categorical imperatives in contrast, present an action as necessary in itself without regard to any other end. It is the categorical imperatives that give us the universal principle of morality. For Kant says:

Since I have deprived the will of every impulse that might arise for it from obeying any particular law, there is nothing left to serve the will as principle except the universal conformity of its actions to law as such, i.e., I should never act except in such a way that I can also will that my maxim should become a universal law.⁶³

Though it is the same principle, Kant formulates it in different ways. However, here we discuss three formulations, which are considered to be the most common. They include:

- i. Act only on maxims which you can will to be universal laws;
- ii. Always treat the humanity in a person as an end, and never as a mean;
- iii. So act as if you were a member of an ideal kingdom of ends in which you were both subject and sovereign at the same time.

⁶² A *maxim* is the subjective principle of acting. It contains the practical rule which reason determines in accordance with the conditions of the subject and is thus a principle according to which the subject acts. It is different from the law, which is the objective principle valid for every rational being, and it is the principle according to which he ought to act.

⁶³ Kant, *Grounding*, p. 14.

3.4.2.4.1. Universalized Maxim

Every action is based on a principle. Kant holds that, I ought to act morally only when I agree with the principle or maxim behind the act and at the same time will that that principle becomes universal, as opposed to being an exception to me. He does not focus on the act *per se*, but the principle it is based on. To will, the principle to be universal, means we can visualize a world in which the maxim works coherently with other known principles and or without self-contradiction.

For instance, the example which Kant uses, of the man who is in need of money, and therefore he is forced to borrow. He knows very well that he will not be able to pay back, but at the same time he cannot access the loan unless he firmly promises to repay within a given time frame. Before acting, he should ask himself whether it is not permissible and contrary to duty to get of the situation of this manner. By making the promise, he would have willed the maxim: “When I believe myself to be in need of money, I will borrow money and promise to pay it back, although I know that I cannot do so.” He says this would not pass as a universal law, because it render promises unattainable for no one would believe.⁶⁴

3.4.2.4.2. Humanity as an End

According to Kant, “man, and in general every rational being, exists as an end in himself and not merely means to be arbitrarily used by this or that will”. Thus the practical rule is, “Act in such a way that you treat humanity, whether in your own person or in the person of another, always at the same time as an end and never simply as a means”.⁶⁵ This translates into the duties one has to himself and to others.

Kant postulates that, there are necessary or strict and contingent or meritorious duties to oneself and to others. Man has capacity for greater perfection, which in his freedom of action, strives to undertake. In acting towards others we do so from the duty of benevolence, and Kant insists that we should not undermine their self-respect or humiliate them. He expounds this in the *Metaphysics of Morals*, postulating:

⁶⁴ Kant, *Grounding*, p. 31.

⁶⁵ Kant, *Grounding*, pp.35-36.

We shall acknowledge that we are under obligation to help a poor man; but since the favour we do imply that his well-being depends on our generosity and this humbles him, it is our duty to behave as if our help is either merely what is due him or but a slight service of love and maintain his respect for himself, and to spare him humiliation.⁶⁶

In life, while people go praising those that assist them, there are many more that find it humiliating being known to be dependants, especially for basic needs. It is offensive for the latter category, to disclose the assistance extended to them. This respect can also be seen in terms of freedom accorded to others. At times the concept of freedom seems as it is limited to only *negative freedom* but embodies *positive freedom* as well. Bowie⁶⁷ makes a clear distinction between the two concepts. Negative freedom is liberty that emanates from the interference by other people; from coercion and deception. It is primarily concerned with freedom from external restraint. In contrast, positive freedom refers to the possession of the power and resources, to fulfill one's own potential.

Positive freedom for Kant means developing one's rational and moral capacities, while avoiding anything that could diminish these capacities. Bowie commenting on this says that treating human as ends and not mere means in a business relationship implies treating them in such a way that they are not deceived or coerced, and arranging organizations' practices in a way that contributes to the development of human rational and moral capacities. He however suggests that, relationships that are neither coercive nor deceptive are not immoral.⁶⁸

3.4.2.4.3. Membership to the Kingdom Ends

More of extending the idea of man as an end and not mere means, Kant explains this concept as, "a systematic union of different rational beings through common laws". The law treats the relations of rational beings to one another as ends and means in a sense that the being 'belongs to the kingdom of ends as a

⁶⁶ Immanuel Kant, *Metaphysics of Morals* (1797), trans. by Mary Gregor (New York: Cambridge University Press, 1991), p. 243. Quoted in Emmett Barcalow, *Moral Philosophy: Theory and Issues* (Belmont, California: Wadsworth Publishing Company, 1994), pp. 145-6.

⁶⁷ Bowie, "A Kantian Approach to Business Ethics", Op. Cit.

⁶⁸ Ibid.

member when he legislates in it universal laws while also being himself subject to these laws'.⁶⁹ This suggests involvement of the concerned persons in a given act, either directly or indirectly.

Further, the law must apply to every member and to each in the same degree. Thus, morality consists in the relation of all action to that legislation whereby alone a kingdom of ends is possible.⁷⁰ This gives rise to the notion of “moral community”, which consists of free and equal members, each of whom in the process of realizing his ends, furthers the ends of others.

3.4.3. Criticism of Kant's Theory of Morality

Undoubtedly, Kant's philosophy and ethics in particular has been of great influence in many respects in the historical development of philosophical reflection. But like any other theory it is not beyond criticism, and here we present some.

Kant came up with the theory as given in the categorical imperatives, through *a priori* study on ground that only reason can give universal principles. However, in reality, nurture plays a significant role so much that, pure conscience becomes abstract. Further, the theory renders useless the role of experience in knowledge generation, which in a way contradicts his *Critique of Pure Reason* in which he holds that, “all our knowledge begins with experience, it does not follow that it all arises out of experience”. Moreover, a maxim as he defines it, is subjective not like the law which is objective.

The theory over stretches autonomy. The moral agent would have to ignore the otherwise reliable laws or past judgements in assessing the options. But in practice, authority in form of counsel, established civil or religious laws and practices often guides conduct.

The idea of kingdom of ends, which suggest democracy and involvement of every one is at times faced with the challenge of lack of consensus especially on moral issues. For instance, abortion, contraception and issues surrounding LGBTQ. The majority take the day in democratic processes but this may not be

⁶⁹ Kant, *Grounding*, pp. 39-40.

⁷⁰ Kant, *Grounding*, pp. 39-40.

compatible with the maxim that one would will to be universal. Kant theory does not guide on how such conflicts could be resolved.

3.5. Conclusion

The purpose of life for man is to attain happiness not just for himself, but for society as a whole. He pursues this through a series of the actions he chooses. Therefore, he must judge whether or not the given actions would lead to the desired goal or not. Some actions lead or enhance the good of the acting party and the society as a whole, and thus ought to be done, these are called moral acts. The others negate the good and thus ought not to be done; these are immoral acts. There are acts however which are neutral, they are permissible- may be done. A moral person does what ought to be done and avoids what ought not to be done.

In the context of corporation, its actions impact the society and stakeholders as a whole. Accordingly, it deserves praise for the good and blame for the bad, and thus, it is a moral agent that like a human being should choose good for itself and the parties affected. All theories useful in determining the nature of the right and wrong, and providing principles and guidelines, in judging the “oughtness” of actions or practices in a given situation, will base on different aspects of action: motive, consequence or the action itself. Thus may lead to conflicting verdicts on the same circumstances. None is immune from criticism. Despite the weaknesses, they still provide a plausible guide, and their appropriateness may vary between issues at hand. A choice of the theory to apply depends on the issues at hand, and should be well thought through.

We now turn to an application of the Kantian Theory to CSR, in the next chapter.

CHAPTER FOUR

APPLICATION OF KANTIAN THEORY OF MORALITY TO CORPORATE SOCIAL RESPONSIBILITY

4.1. Introduction

Kant is well known for defending a version of the “respect for persons”, the principle which implies that, “any business practice that puts money at par with people is immoral”. He summarizes the theory in the *categorical imperatives* as discussed in the previous chapter. Corporate Social Responsibility is also undertaken in the name of giving back to the society, implying that the two apparently have areas of convergence. We have also seen that a corporation is a moral agent. This chapter therefore looks at how Corporate Social Responsibility activities resonates with Kant’s *Categorical Imperatives*, using some selected indicators.

4.2. Dignity of a person and Corporate Social Responsibility

Freedom is one of the key aspects of treating man as an end and not as means under the second formulation. Coercion and deception are the “fundamental wrongdoings” in this area, as Korsgaard puts it. Beneficiaries of CSR rarely have full information regarding the offer, but because they are in need they naively take what is given. For instance, corporations usually invite the media, and make their private recordings that are later on broadcast through different channels. But from the start, the corporation hardly informs the beneficiaries of using this event as a “marketing drive” even when it was planned. In a way, they are duped that they are ‘lucky’ recipients of the assistance and not informed of the marketing drive.

Without full information, the relationship is coercive and disrespectful of the dignity of the beneficiaries, contrary to Kant’s view on helping the poor man when he says; “but since the favour we do, implies that his well-being depends on our generosity and this humbles him, it is our duty to behave as if our help is

either merely what is due him or but a slight service of love and maintain his respect for himself, and to spare him humiliation”.⁷¹

Just as a number of people would not disclose that the jacket they are wearing for a prestigious function is borrowed from a neighbor, or a gift, they received and not bought themselves, publicizing them as recipients of a certain good or service from a given corporation amounts to humiliation. However, it is not uncommon even in places of worship to find items with writings like “donated by...” One could argue that the managers make this CSR activities public as a means of accountability to the owners of the entity and legal requirements. A critical analysis finds this less convincing; for there are many transactions of more monetary value and importance that corporations undertake but never publicise.

With full disclosure of the interests the corporation has in the relationship, they can secure the consent of the beneficiaries; which would turn it into a relationship of business partners and not just benefactor-beneficiary one. Though this would not pass as CSR, it would nonetheless be a more honest dealing than a disguised one.

Apart from avoiding coercion and deception, which mitigates *negative freedom*, on the side of *positive freedom*, CSR is instrumental in capacity building of the beneficiaries. Great achievements are seen through, in areas of education and health especially in the developing countries, courtesy of foundations and charity organisations supported by corporations. Many institutions and individuals are beneficiaries of assistances from agencies like Rockefeller foundation, Japan International Cooperation Agency (JICA), Carnegie foundation and *Missio*, among others.

Worth noting, most of these agencies or foundations are named after the founders or the entity that founded and or supported it. For instance, in the agencies listed above, only *Missio*, which is church-based and

⁷¹ Immanuel Kant, *Metaphysics of Morals*, pp. 145-146.

supported, with the name meaning “mission”, is the only exception. Rockefeller foundation is after John D. Rockefeller; and Carnegie after Andrew Carnegie.

It is therefore arguable that the foundations’ motives could not be to help the needy but rather a means of “self-actualization” through keeping the names of the founders ‘alive even in death’. As long as this is the motive, it is an inclination of self-interest, in which case the agent is not acting from duty.

4.3. Duty of Benevolence and Corporate Social Responsibility

In line with preserving the dignity of a person (the second formulation of categorical imperatives), benevolence is a pure duty to others. It is a universal maxim (the first formulation). Further, it is an obligation to help the poor man as Kant says⁷². As moral agents, corporations have a moral obligation to help members of the society that are in need. However, this has the moral value when undertaken “from duty”⁷³ and not in “accordance with duty”⁷⁴.

Sometimes the move of corporation in doing CSR activities may not necessarily be “pure” as it may be a strategy to enhance their brand.

The corporation acts from duty when it intervenes in improving the societal well-being with the pure motive, simply because it is good. However, as an outcome, its reputation may increase and, so does the customer base and loyal business partners. This in itself does not dent the morality of the activities.

Consequences are easier to identify than motives, which makes objective moral judgement difficult. However, a critical study of the corporation’s strategy and implementation gives us some practices that can be reasonable indicators. For instance, a deliberate effort for the company to be known widely as the benefactor; direct dealing with the beneficiaries even when they are opportunities to work with other agencies like foundations and charity organisations providing the same services would suggest that, the

⁷² Immanuel Kant, *Metaphysics of Morals*, pp. 145-146.

⁷³ Doing it because it is good in itself.

⁷⁴ Done because of self-seeking inclinations or requirement other than self-willed.

corporation is just marketing itself. The invention being made, its relevancy to the beneficiaries' needs has a lot to say; whether it enhances their capabilities to self-perfection, or simply makes them more loyal partners of the corporation.

The overall relationship with other stakeholders could also be of value in judging the motive. For example, Nike's saga that marked the last quarter of last century and the beginning of this. While their shoes were being made in inhuman conditions, they were spending millions of dollars in sponsorship including that of great athletes. They could not be acting from duty in respect to upcoming athletes while at the same time exploiting poor children and women in Asia. The BP Oil Disaster we discussed in chapter two is similar⁷⁵. The company spent millions of dollars on a marketing campaign including donations to environmental conservation related activities to brand itself as a green company, while at the same time opting for cheaper but hazardous practices; the end was the disastrous pollution of the Gulf of Mexico in 2010.

The choice of beneficiaries is an area that creates room for abuse of the corporation's resources in the name of Corporate Social Responsibility. Managers may use it as an avenue to snuff out resources for their acquaintances. Charity to a manager's relatives or individuals or organisations which he has interest for instance, lacks objectivity and is unlikely to be from duty.

4.4. CSR Reporting

A number of corporations have voluntarily adopted Triple Bottom Line framework for their formal reporting, a shift from the traditional financial reporting. As aforementioned, under SDG 12, large companies are encouraged to integrate sustainability information into their reporting, which includes CSR as part of the company's social impact on the society. It is thus legitimate and already a requirement in some jurisdictions for corporations to include some information on CSR activities.

⁷⁵ Miriam A. Cherry and Judd F. Sneirson, "Beyond Profit: Rethinking Corporate Social Responsibility and Greenwashing after BP Oil Disaster", pp. 983-1038.

However, this can be done in a truthful and respectful manner. That is, giving an accurate and honest account of the activities during the period, without exaggerations and or deception, and aggregated to the extent possible, as the case with financial reporting, save for whether ‘full disclosure’ is required. This would guard against cases of “greenwashing or Faux CSR”, as the case we saw BP Oil, and at the same time avoid humiliation of beneficiaries.

4.5. Purity of Motive and Corporate Profitability

The notion of goodwill or pure motive is the core of the Kantian moral theory. At the surface, it would seem that corporation’s undertakings are immoral because they have ulterior motives or consequences of serving interests of the stakeholders; either a single stakeholder or a group of them by undertaking a given activity.

We however take an exception to this, and argue that in the third formulation of the *Categorical Imperatives*, “so act as if you were a member of an ideal kingdom of ends in which you were both subject and sovereign at the same time”. Kant recognizes that there are many stakeholders for a given act, and interests of all must be considered. For each stakeholder in a corporation stands in a relationship to all others, treating themselves and the others as ends and not mere means. Shareholders have a legitimate interest to earn a created value on their investment and the community deserves assistance from the same company.

Any activity that attains the interests of all stakeholders, that is, if it were possible without conflicts, including making profits, is not necessarily immoral. Therefore, a corporation can make profits and at the same time meet its moral obligations, as long as the latter does not become the sole objective.

4.6. Conclusion

It is clear from this discussion that CSR can be morally good or bad. Kant’s moral theory tries to bring out how these activities can be streamlined in order to attain the intended purpose, at the same time adhering to the moral convictions. Looking at these, there are approximate signs on the strategy and its implementation. Corporations therefore, have a duty to take care of the needs of the stakeholders in general, not forgetting those of its own workers. Outward help through CSR activities should not be used to blanket

the wrongs that a corporation does. Therefore, the motives should be pure, resulting from acting from duty, a view that a given action is good in itself.

The next chapter brings out a general conclusion, postulating specific ways of making CSR morally acceptable from a Kantian Moral Theory perspective.

CHAPTER FIVE

GENERAL CONCLUSION

This study aimed to inquire into the morality of CSR activities, basing on the Kantian theory of morality. As it postulates, the purpose of life for man is to attain happiness not just for himself, but for society as a whole. It is through a series of actions he chooses to take, that lead to this end or failure to reach it. Therefore, man must judge the whether or not the given actions would lead to the desired goal or not. Some actions lead or enhance the good of the acting party and that of the society as a whole, and thus ought to be done; this are called moral acts. There are other actions which negate the good and thus they ought not to be done; these are immoral acts. There are acts however which are neutral, they are permissible-may be done. A moral person does what ought to be done and avoids what ought not to be done.

Due to a number of factors including technological developments, urbanization and globalization, a firm or corporation has taken over the family central role as a unit of production and meeting the needs and even the wants for life sustenance. As such, corporations are very influential in the socio-wellbeing of the society. Since these activities are undertaken in the name of helping communities, Kant's theory too focusses on the dignity of a person-being treated as an end and not as a mere means. Amidst various theories, Kant's theory deems appropriate when dealing with Corporate Social Responsibility.

A corporation that by nature has many stakeholders is faced with the challenges of meeting the interests of all these stakeholders, which often are in conflict. The view that, "a corporation since it belongs to the owners, its sole obligation is to create wealth for the owners and the rest of the society can benefit indirectly through invisible hand, or from the social services the government provides from corporate taxes", has seen its days too. The corporation directly interacts with the community in terms of the resources it draws from them, including causing negative externalities that may not be fully covered by the benefits it pays back; it thus has an obligation to treat the community as a stakeholder that deserves additional recompense from the corporation.

Just like a human being, a corporation is a moral agent, for its activities impacts on the community positively or negatively. Though a corporation is a legal entity, separate from its members, it is justifiably responsible for their actions. History, in particular corporate failures, has shown that effects of individual's misconduct spill over to all stakeholders, and at times the responsibility may not be assigned to individuals fully, for the corporation is responsible for culture and values which shape moral acts of their members. CSR which is a common practice in many organisations creates opportunities for the organization to relate with the community in which it operates. However, some corporate citizenship practices bring the morality of business corporations into question. In turn, the reputation of the corporation is jeopardized.

From a common viewpoint, there are indications which show that some of the corporate practices that are claimed to be socially responsible do not pass Kant's criteria of moral act, namely, "to act only on maxims which you can will to be universal laws", and the different ways of formulation. There are demonstrable instances where corporations use the people as a means to their own ends. Kant considers benevolence as a moral duty, implying that acting out of the sole motive of doing good, is morally applausive. However, using a person as a mere means through coercion, deception or disrespect of his dignity, is immoral.

In practice, corporations run campaigns including donations and sponsorships that portray them to be caring for the community. A critical analysis would however reveal that the information given is at times exaggerated or entirely misleading. The messages or acts may also be inconsistent with the other practices in the organization. This we called, "greenwashing or Faux CSR". Further, corporations normally use details of the beneficiaries for marketing activities without their knowledge nor consent. These are acts of dishonesty, misleading the stakeholders including the public as a whole. They do not pass Kant's criteria of the Categorical Imperatives, and thus immoral. Though they may drive a competitive advantage for a corporation in the short run, when faux is unearthed, the brand that had been enhanced is shattered in an instant.

The basic legitimate and sincere way of the corporation caring about the society, is primarily streamlining stakeholders' interests in all business processes and practices. Meeting the economic needs in form of goods and services provided to customers in terms of quality and prices, is the most fundamental action. This has to be done while observing the laws of the land and the relevant ethical standards. Then, the corporation can engage in activities of mutual benefit to the society and the corporation, by means of negotiated relationship.

The relationship built on honesty and truth lasts and bears fruits to all parties. Communities and individuals stand to benefit from CSR activities, but should be on the lookout not to be “used” by the corporations.

Civil Society Organisations, especially those engaged in consumer protection and conservation of the public good need to be more vigilant. With growing emphasis on sustainability reporting in particular under SDG 12, market and government regulatory organs as well as professionals like Accountants and Auditors, can play a big role in promoting a moral Corporate Social Responsibility.

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