A Research on Immanuel Kant's Ethics for Business and Trade

(Application and Relevance)

A Thesis Submitted
for the Degree of Vidyawachaspati
(Doctor of Philosophy) in Philosophy

Under the Faculty of Moral and Social Sciences

by

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Under the Guidance of

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C E R T I F I C A T E

This is to certify that the thesis entitled “Immanuel Kant’s Ethics for Business and Trade” which is being submitted for the award of the Degree of Vidyavachaspati (Ph.D) in Philosophy of Tilak Maharashtra Vidyapeeth, Pune, is the result of original research work completed by Shri. Henry Bright Raj under my supervision and guidance. To the best of my knowledge and belief the work incorporated in this thesis has not formed the basis for the award of any Degree or similar title of this or any other University or examining body.

Research Guide

Prof. Dr. Kuruvilla Pandikattu

Place: Pune

Date: 15/10/2013

D E C L A R A T I O N

I do hereby declare that the thesis entitled “Immanuel Kant’s Ethics for Business and Trade” completed and written by me has not previously formed the basis for the award of any Degree of other similar title of this or any other University or examining body.

Research Student

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Place: Pune

Date: 15/10/2013

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Henry Bright Raj

October 15, 2013

ABBREVIATIONS OF KANT'S WORKS

AN	"Anthropology from a Pragmatic Point of View" *in Toward Perpetual Peace and Other Writings on Politics, Peace, and History,* trans. David L. Colclasure ed. & intro. Pauline Kleingeld (London: Yale University Press, 2006).
CJ	*Critique of Judgement* [Kritik der Urtheilskraft], trans. J.H. Bernard (New York: Hafner Publishing Co., 1951).
CPR	*Critique of Pure Reason* [Kritik der Reinen Vernunft], trans. Norman Kemp Smith (New York: Macmillan & co., 1929).
MeikleJohn, CPR	*Critique of Pure Reason [*Kritik der reinen Vernunft], trans. MeikleJohn (New York: The Colonial Press, 1900).
CPrR	*Critique of Practical Reason* [Kritik der Praktischen Vernunft], trans. Mary J. Gregor (USA: Cambridge University Press, 1996).

CSCT	“On the common saying: That may be Correct in theory, but it is of no use in Practice,” in *Practical Philosophy*, trans & ed. Mary J. Gregor (Cambridge: Cambridge University Press, 1996).
EN	“An answer to the question: What is enlightenment?,” in *Practical Philosophy*, trans & ed. Mary J. Gregor (Cambridge: Cambridge University Press, 1996).
GW	“Groundwork of the Metaphysics of Morals,” [Grundlegung zur Metaphysik der sitten], in *Practical Philosophy*, trans & ed. Mary J. Gregor (Cambridge: Cambridge University Press, 1996).
LE	*Lectures on Ethics*, ed. & trans. Peter Hearth (Cambridge: Cambridge University Press, 1997).
MM	*The Metaphysics of Morals* [Die Metaphysik der sitten], trans. Mary Gregor (Cambridge: Cambridge University Press, 1996).
OTOB	“On Turning Out Books,” in *Practical Philosophy*, trans & ed. Mary J. Gregor (Cambridge: Cambridge University Press, 1996).

PP	"Toward Perpetual Peace," in *Practical Philosophy*, trans & ed. Mary J. Gregor (Cambridge: Cambridge University Press, 1996).
RN	*Religion within the Bounds of Bare Reason*, ed. Stephen R. Palmquist, trans. Werner S. Pluhar (Cambridge: Cambridge University Press, 2009).
SRL	"On a Supposed Right to Lie from Philanthropy," in *Practical Philosophy*, trans & ed. by Mary J. Gregor (Cambridge: Cambridge University Press, 1996).

LIST OF COMPANIES REFERRED TO IN THIS WORK

Name **Page Numbers**

List of Acts, Councils and Committees

Referred to in this Work

Title **Page Numbers**

TABLE OF CONTENT

GENERAL INTRODUCTION

CHAPTER ONE

REVIEW OF LITERATURE, OBJECTIVES, METHOD AND DETAILED RESEARCH PLAN

CHAPTER TWO

AN OVERVIEW OF KANT'S MORAL PHILOSOPHY

CHAPTER THREE

DEVELOPMENT OF BUSINESS ECONOMIC THOUGHT AND THE THEORIES AND ISSUES IN BUSINESS AND TRADE: A KANTIAN APPROACH

CHAPTER FOUR

KANT'S THEORY OF VIRTUES AND DOCTRINE OF RIGHTS SANCTIONING FAIR BUSINESS AND TRADE

CHAPTER FIVE

AN APPLICATION OF THE CATEGORICAL IMPERATIVE FOR BUSINESS &TRADE

CHAPTER SIX

RELEVANCE OF KANT'S ETHICS TOWARDS A JUSTIFIABLE BUSINESS AND TRADE PRACTICES: ENVISAGING A HUMANITARIAN SOCIETY

GENERAL CONCLUSION

ABSTRACT

This research is a response to our daily experiences of unfair practices in the society especially in business and trade. It is no new information that business and trade dealing with money as their exchange value can easily drag people into unethical way of living. For instance, a trader in his desire for easy money may fall into unethical practices by overcharging his customers. Though it is legitimate to make profit, doing it by lying or overprizing the commodities is definitely unethical. Since the line between profit making and excess-rating is bare minimum, a philosophical approach reflecting an authentic ethical code is a must.

There have been various philosophical positions suggested which are healthy and contributed to some extend to build a moral, social, political and economic order in the society. However, they had their share of drawbacks and could not inculcate a deep value based life into the society. In my assessment, the Kantian model of ethics offers a reasonably comprehensive theoretical base which is a better alternative to the earlier ones.

This philosophical study employs a descriptive research methodology which relies on the Kantian ethics to devise a theoretical framework for the functioning of business and trade. This research is intended to contribute towards an ethical advancement of human society. Kant always thought that society is advancing towards a moral progress and this study will strengthen the Kantian cause of the historical progress of humanity as a *moral whole*.

CHAPTER ONE

REVIEW OF LITERATURE, OBJECTIVES, METHOD AND THE DETAILED RESEARCH PLAN

1. A Survey of Pervious Work done in the Research Area and the Need for further Research (Review of Literature)

Business and Trade form an important part of human life and existence as everyone is involved in it as buyers and sellers perhaps in a small scale. Though it is an area that affects human life in its entirety, it has not been given due attention from the ethical point of view leading to large scale exploitation and manipulation. There are diverse ethical perspectives and there is more perplexity as to which of these is the best.

Though, there have been certain philosophical traditions which have advocated ethics in trade, Kant's ethics in business and trade have not been seriously considered. Though we find certain philosophical attempts to apply Kant's ethics to business under the title of business ethics, they have been only partial efforts. My work is therefore one of unique kind as it employs theoretically Kant's ethics to business and trade. In this following section, I present a few works which may be partial attempts in this field and then indicate how important it is to undertake further studies in this field.

Fabian Sack, P. D., ***A Moral law for the Jungle: a Kantian Exploration in Corporate Environmental Ethics.***[1]

Fabian Sack has undertaken a research work titled *A Moral law for the Jungle: a Kantian Exploration in Corporate Environmental Ethics*. It calls for a secular revision of Kantian moral philosophy in the context of growing crisis in the corporate world. Though it is referring to the corporate world it specially takes into account the environmental ethics. The author argues that by avoiding subjective preferences as the basis of morality Kant avoids corporate social responsibility. Though the author appreciates Kantian ethics, he does not shy away from pointing out that Kant's theory excludes our communities and corporations from owning moral responsibility. The author looks into the Kantian imperative as a standard or principle for the evaluation of various issues but excludes moral deliberation about environment and does not make corporations morally accountable for the environmental havoc.

Jacquie L' Etang, ***A Kantian approach to Codes of Ethics***

The author discusses if the codes of ethics are Kantian in its foundations. He does it by analysing the intention and structure. In this article, the author tells that he has focused on the codes of ethics because they are the purest form of ethical guidelines. It also studies the recent definitions of codes of ethics and considers reasons for the proliferation of such codes. It also distinguishes between the codes of ethics and codes of conduct. The author also takes up the justifiability of these codes and analyses the diverse theories in relation to Kantian ethics. We also find an account of Kant's views about the basis of morality and moral responsibility, the construction and nature of Kantian moral law and the role of human person.

Norman E. Bowie, ***Business Ethics: A Kantian Perspective***

In this book, Norman E. Bowie, presents an interpretation of Kantian philosophy defending the principle of goodwill in business. He attempts to construct a plausible Kantian theory of the business unit in a capitalist economy. He beautifully articulates the self-defeating nature of immoral actions. He also values the importance of treating stakeholders as persons and their importance for business. He conceives the idea of business firm as a moral community where all

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[1] The complete details of the book such as publishers, year and place for all the reviews written here are available in the Bibliography section.

the stake holders are partners in business. The author also relates Kant's cosmopolitanism with the international business and sees the business enterprise as a single unit where everyone is respected and rights upheld. This is one of the rarest works on this field of application of Kant's theories to business.

Krishna Mani Pathak, *The Universalizability of the Categorical Imperative: Re-examining Kant's Maxim of Duty.*

Krishna Mani Pathak, has done a research work titled *The Universalizability of the Categorical Imperative: Re-examining Kant's Maxim of Duty* for his doctorate in Philosophy. In his research on Kant's ethics Pathak defends the Kantian theory of morals. He emphasising the demand of duty as a universal principle challenges relativistic ethics. He is keen to consider whether our actions are evaluated by individual moral elements or by universal factors of Kantian moral thought. He vouches for universal moral principles and defends Kant's approach to duty and ethics. He calls for a common standard of morality which makes sense in understanding the world as a cosmic whole. He appreciates Kantian model of morality, though it is quite hard to find a person in the real world who lives in the spirit of this moral sense. But, he makes it clear that our inability to be faithful to a true moral standard does not make the moral standard in any sense weak. He agrees with the Kantian position that universal moral law is the highest authority and so it needs to be applied at all cases and events of human life.

Claus Dierksmeier, *Kant's Humanistic Business Ethics*

This is an interesting articles, one of the rare that I have come across, presented by Claus Dierksmeier on November 25, 2010 at the Global Ethic Institute titled *Kant's Humanistic Business Ethics*. In this article, the author consolidates and opens up the diverse perspectives of Kant's universality argument for a human centred business ethics. It explores an extremely important principle of Kant's humanity formulation of the categorical imperative whereby everyone is assigned a social responsibility. The author argues by relating and associating freedom with responsibility. He calls his application of Kant's theory to the activities of human life and calls it a humanist business ethics. He underscores the importance of subjective reflection for a sound value centred ethics.

Robert N. Johnson, *Self-Improvement: An Essay in Kantian Ethics*

Robert Johnson, the author of this book applies Kantian ethics for the moral development of human person. It explores the idea that the human beings have a duty to grow in their natural powers but which needs to cultivated. Johnson maintains that a reasonable argument can be formulated for the self-development of human person. He relies on Kant's ethical theory to show that the self-development of a human person may take diverse forms and ways but it has to be essentially moral. It basically explores why it is a duty on me to develop myself. It is a duty for self-improvement but done for the purpose of humanity.

Suzanne M. Uniacke, *Responsibility and Obligation: Some Kantian Directions*

This article deals with interfacing of right and duty in our moral human existence. It discusses certain clear directions in the Kantian principle of right and its various implications. As it investigates the association between responsibility and obligation, this paper considers the human being as a person of dignity and worth. It considers the human action and its subsequent responsibility which is an important aspect of human life.

Scott R. Stroud, *Defending Kant's Ethics in light of the Modern Business Organization*

This essay comes as a defence of Kant in the application of his theories to business. It is also an article that defends against some of his critics such as Luban, Strudler, and Wasserman. And in the process of defending Kant, it argues that the modern organizations need Kantian theories for the wellbeing of human society. It brings the usefulness of Kantian ethical system in addressing cases of organizational irresponsibility. It also refers to Kant's doctrine of rights and virtues and the role of freedom in Kant's approach. Indeed, Kant's analysis of right and virtue has the resources that can help modern ethicists to deal with modern problems of business organization which is well brought out in this work.

Dan Kidha Kidha, ***Implications of Kant's Moral Doctrine to Organizations Implications of Kant's Moral Doctrine to Organizations***

This essay begins to analyse the Kantian theory of imperatives and applies the categorical imperative as a measuring yard whereby the implications for the business organizations are considered. It also studies the responsibility of business organizations from a Kantian perspective. It also makes use of important points of Kant's major works like the *Critiques* and *The Metaphysics of*
Morals to support Kantian relevance for business organization. It argues that the categorical imperative urges everyone including the business organizations to act morally. It also states that evaluating corporate responsibility from a Kantian perspective does not exclude individual responsibility. It concludes by stating that, "research should investigate the place of Kantian education in developing greater work ethic and consequent productivity in organizations: both corporate and public."

Denis G. Arnold and Jared D. Harris eds., ***Kantian Business Ethics: Critical Perspectives***

It is a collection of essays where a group of distinguished scholars use the lead given by Norman E. Bowie on applying Kant's ethics to business. They bank on the expertise of Bowie to deal with contemporary issues from a Kantian perspective. They treat subjects such as normative foundations of capitalism, Kant's understanding of virtues, managerial ethics and corporate social responsibility. They also take a critical approach towards egoism and similar business approaches. It includes both articles which support Kantian position and those which do not. The work concludes with a response from Bowie himself who responds to his critics. It is really a good supplement to reading and understanding Kant from the perspective of Bowie.

Jens Timmermann, ***Why Kant could not Have Been a Utilitarian***

In this essay, Jens Timmermann takes a step to reassert Kant's philosophical position that his theory is not utilitarian in character. He argues that even if we may trace certain utilitarian traits in the applicative consequences, the theory as such cannot be utilitarian even in a remote sense. His reasoning is that there cannot be rational contradiction in a moral imperative and the apparent contradictions are basically in the consequences. Besides he also resists the common utilitarian distinction between actions and their motives, since right action implies right motivations.

Robert E. Frederic, *A Companion to Business Ethics*

This work by Robert E. Frederick is a collection of articles by scholars on different issues pertaining to business ethics. This work contains several references to Kantian ethics and brings out its different implications. In this work, we find the contributions of some of today's most renowned writers on business ethics and their reflections on the key areas of business. It also tries to understand the dynamics between business ethics and theory. This is one of the best works which deals with trying to bridge the gap between theory and practice. This work has clear Kantian overtones which are important for a fair ethical policy formation. Thus, though it is not purely a work on Kant, it brings several Kantian principles to business ethics.

Seel, Gerhard, *How Does Kant Justify the Universal Objective Validity of the Law of Right?*

The author of this article addresses an important question: Is it possible to justify the Kantian law of right which is presented in *The Metaphysics of morals* by the categorical imperative. He brings to light the difference between two different groups of scholars who argue in favour and against it. Therefore he clarifies those terms which are related to Kantian theory of morals and shows that these distinctions are due to misunderstanding of Kantian terms and not real conflicts. He clarifies these terms and principles by introducing distinctions that have been neglected earlier. Then he reiterates that the Law of Right can in fact be justified purely by the method of the categorical imperative only.

1.2 Relevance, Significance and the Newness of My Research

Thus we have just glanced into some of the studies and researches undertaken on Kant's ethics. Though these studies have enabled us to understand and apply Kant's ethics for different areas of human living, they have not completely been explored and especially the application to business and trade has been scarcely carried out. Moreover, there haven't been genuine efforts to apply his categorical imperative to business and trade in its multiple formulations.

Though Kant has been deeply studied by different schools and scholars, the effort to view it in terms of being applicable to different activities of life have been limited. None of the above reviewed works have adequately explored the Kantian themes of fairness, benevolence and goodness. For instance, corruption and lying which are common occurrences in business practices are rationally disposed by Kant's ethics. Therefore Kant's ethics provides an excellent platform to build an ethical theory to deal with these issues. As I have not come across Kant's ethics being studied in relation to these issues, this venture fills the vacuum by providing a solid theoretical base to counter these practices.

Therefore, this research will facilitate the process of interpreting Kant's ethics to one of the most important human activity; *business and trade*. I am confident that a correct interpretation of Kantian ethics in business will bring about a new transformation in the way we treat each other. It will help us to alter our approach to each other as managers, customers, sellers and members of this world.

1.3 Research Problem

As we have stated above, it is beyond contention that business and trade form a vital aspect of our life today. We could be either the beneficiaries or the victims depending on how they function. If they are situated on a sound philosophy they would enhance human living or otherwise they can be a threat to the very fabric of humanity. Therefore, by involving me in this research titled, *Immanuel Kant's Ethics for Business and Trade: Application and Relevance,* I am confident that a genuine and legitimate philosophical foundation would be laid. This would provide an impetus for further research and study in the future.

1.4 The Aims and Objectives of the Research

- To highlight the role of philosophy in the field of Business and Trade

- Though every system runs on a philosophy of its own, my research aims to present an objective and a reliable philosophy which would have a universal relevance.

- To bring Immanuel Kant to the forefront and to recognize his contributions for the world of Business and Trade.

- To make Kant appealing to the modern world through contextual interpretation of his philosophy.

- To emphasize the urgency of regulating the ethics of Business and Trade in today's context, which is guided by the principles of egoism and profit-making.

- To project the importance of an appropriate ideology to the policy-making bodies of Business and Trade industries, and to recommend Kant's ethics to be the basis of such enterprises.

1.5 Research Concerns / Questions

- Can philosophy be adequately applied to Business and Trade?

- How to replace the existing egoistic philosophies of Business and Trade Industry with genuinely altruistic ones?

- Does Kant's philosophy of ethics provide a full proof principle for a fair and open Business and trade policies?

- Are we open to establish a value-based society discarding all those patterns of life which we have been living so far?

- How can Kant's ethics of the 18th century be effectively passed on to the present day generation?

- How do I objectively read the pulse of the society while interpreting Kant's ethics for the competitive world of Business and Trade?

1.6 Hypothesis

Business and Trade affects our living and those involved in it seem to have only profit as their prime agenda. And in the process they dare even to compromise with all the values and priorities. Their responsibilities towards the society have taken the back seat. As a result, there is a disparity in the social living pattern of the people where the rich amass wealth and the poor suffer every sort of inconveniences in the society. This disequilibrium needs a balancing act. The major issue concerned in this project is to insert values of fraternity, sharing and a spirit of unity in to Business and Trade industries which is usually considered to be purely a profit-making affair. It is definitely acceptable to make profit but it cannot be done at any cost. Profit making should abide by certain precise ethical norms. We are in a society, where our confidence in the social order has been shattered with repeated news of scams and scandals. This shows how profit making becomes a priority ahead of all other values. It leads the society to a greedy world narrowing down the gap between the irrational and the rational. Money which only has an exchange value becomes an ultimate value and sadly often the only value.

Many solutions have been attempted in the past to solve but of no avail and that does not take us to a conclusion that there is no way to find a solution. In my assessment, the ethics of Kant hypothesises to provide an approach which I would like to unearth in this project. Kant's presentation of the moral law definitely offers a way to deal with this issue. While the numerable external laws have failed to check this sort of amassing wealth by a few, it is only an awareness of the internal law alone gives us hope. Kant's moral law leading to the Categorical Imperative perpetuates a process of human centred ethical practices in business and trade which is the hypothesis of this research.

1.7 Research Methodology and Techniques

The research is an attempt to present a viable philosophical system which would lay a solid foundation for a business and trade policy that aims at the holistic development of the society. Therefore the nature of the research is descriptive which involves extensive desk-work, interpreting the ethics of Immanuel Kant for the world of Business and Trade. It would involve an elaborate reading of the primary works of Kant and also the available secondary sources so as to demonstrate my hypothesis. It is not the scope of this work to enter into an empirical study as it is a theoretical descriptive philosophical study. As mathematical formulas are applied to finding solutions at a theoretical level, so also the Kantian formulations are applied to different fields such as politics, sociology, Religion etc… This work is basically an evaluation of the functioning of business and trade from a Kantian paradigm at a theoretical level.

1.8 Procedural Division of the Work

It is a six-part research which aims to systematically consolidate the findings of the research in a logical and coherent manner. The first chapter consists of the literary review which reveals the limitedness of the works done in this area and presents a vision for the future. It also presents the method, hypothesis, objectives and the research concerns of this work.

This second chapter is an opening into the basic ethical principles of Kant. It explicates the major ethical notions in the philosophy of Kant such as; Good and Evil, Maxim, Imperative, Goodwill and the principles of Moral Obligation. Therefore, this is an important chapter which will present an overview of Kant's ethics and at the same time serve as a great aid and a solid foundation for the forthcoming sections.

In order to apply Kant's ethics to business and trade, we need to be acquainted with the business-economic thought that shaped business and trade during the time of Kant and the theories and issues which were dominant at that time. So, in this chapter, we make a brief study of the prominent economists of Kant's time, theories of business and trade, different trade practices and their effect and impact on the society. We will also analyse the various allied issues such as; advertising, consumer protection and the role of ethics in the process. Applying Kantian foundations, a philosophical response to these issues will also be deliberated.

Business, Commerce or trade move with one point agenda: profit. And in doing so, they become accustomed to employ unethical and unwanted means in order to maximise profit. They adhere to wrong methods and policies which are a threat to the very fabric of the society. It is not always virtues that take upper hand rather vices prevail as evil makes its way overriding the good. In this chapter, we explore Kant's theory of virtues and suggest possible ways of integrating it into business and trade. The virtue ethics of Kant can be a force that guides and upholds moral values and protects the interest of common man.

Kant's ethics culminates in his exciting ethical principle; the categorical imperative. It is the culmination of Kant's theory of morals where Kant invites everyone to act on a universal maxim as responsible legislators treating everyone as an end in him/herself. In my opinion, a realization of this principle by everyone will bring forth meaning to purposeful existence of humanity. An understanding of this imperative would make acts like lying or promise-breaking an impossibility which is a vital principle in all business dealings. I firmly believe that this imperative would function as a benchmark for all trade and business transactions, we would treat this chapter in some depth.

The final chapter attempts to highlight certain concrete suggestions and personal reflections for the application of the ethics of Immanuel Kant for a humanitarian society. It would present an engaging response to the issue where a larger social responsibility shared by all may be visualized. The aspect of social responsibility of business in the light of Kantian ethics would be stressed in this chapter. Profit making while being tolerated, should not be the prime interest of business and trade. We would evolve at certain specific proposals using Kantian principles for the benefit of all in the society. We try to establish certain justifiable business and trade practices for an anthropocentric world. Finally, Kant's famous notion of *Kingdom of ends* would be discussed to provide an ideal moral world community in which the corporate citizens would have a decisive role for the enhancement of humanity. Thus this research offers immense scope for the progress of our society. With such thrilling prospects and perspectives, Kantian theory of ethics will make itself relevant in the various issues pertaining to the society.

Kant though lived an unassuming life at the remote town of Konigsberg and not having travelled beyond the breadth and width of his small town, he could still influence philosophical thought of most thinkers since his time to this day. His impact is still inevitable, even for those who detest his works. The eighteenth century world was greatly distinct from our times, yet his thinking penetrates into a whole range of philosophical works. From his epistemology to his ethics, metaphysics to Science and Aesthetics to Religion Kant is all-pervasive. A versatile thinker with a whole range of varieties and depth alone can adequately reflect on vital issues of human life. Therefore, the choice of Kant's ethical theory as the paradigm for undertaking a study on business and trade is definitely promising as our research would further substantiate it.

CHAPTER TWO

AN OVERVIEW OF KANT’S MORAL PHILOSOPHY

Crisis in society is at an alarming rise today and we are victims of newer issues that tarnish the fabric of humanity. There are conflicting values and value-promoting structures and people are at a crossroad. Uncertainty of every kind has confounded common man and his perplexity rules his decisions leading to wrong choices and actions. An appropriate ethical code in place is an exigency and this research aims to do just that. In this section, we attempt to present the fundamentals and the principles of Kantian ethics which would lay a solid foundation for establishing a moral order in the world particularly in business and trade practices.

As this research attempts to apply the Kantian code of ethics for a free and fair trade policies it becomes an imperative primarily to ensure that the right perspective of the Kant’s ethics is in place. Kant was convinced that a viable ethical system should evolve out of a rational scheme as morality invariably subscribes to reason. He developed his ethical ideas primarily in the *Groundwork of the Metaphysics of Morals* (here after *Groundwork*) and then provided a rational base to it in his later works mainly in *The Critiques*. Even in the *Groundwork*, he acknowledges the role of reason in ethics when he writes, “A metaphysics of morals is therefore indispensably necessary, not merely because of a motive to speculation – for investigating the source of the practical basic principles that lie a priori in our reason...”(GW 4:390). Thus Kant’s moral philosophy is closely linked with his epistemology assuring rational foundations for the theory of ethics.

In this chapter we present an overview of Kant’s ethics which would facilitate the process of its application in the forthcoming sections. The major themes of Kant’s philosophy have always been studied with great enthusiasm by ethicists and others. Though the depth and quality of these themes have inspired many people, their application and relevance to various streams of human life haven't been adequately done. Therefore in this miniature effort to apply Kant's ethics for commerce and trade, as a first step we provide a critical summary of Kant's ethics. Our emphasis here is on the fundamentals of Kant's philosophy and the major themes which run through his system of philosophy.

2.1The Fundamentals of Kant's Moral Philosophy

In this section, we pinpoint the essentials of Kant's philosophical structure. We explore with some depth the fundamentals of Kant's philosophy which sets the stage for further investigation into his philosophy and its subsequent application for business and trade. An appropriate grasp of Kant's philosophical base is inevitable in order to probe into the depth of its application for any stream of human living. Therefore a accurate presentation of his method, objectives and ethical standpoints gets prominence in this section.

2.1.1 Method of his Moral Philosophy

Uniqueness in the pattern of thinking and acting is the hallmark of every true thinker. Kant is no exception to it as he had worked out a unique method untested during his times or earlier. For Kant, a genuine philosopher is one who knows precisely and reflectively what he does. His reflective knowledge of his actions leads him to arrive at the unique method popularly called the *critical method*. His critical philosophy offered a new paradigm for intellectual activity. Kant's greatness as a philosopher is known from his works of synthesising the dual approaches of the enlightenment era namely rationalism and empiricism. His ground-breaking synthesis of these approaches opened a third way with the trade mark philosophy of transcendental idealism. His critical approach made him an original thinker whose influence is felt in every field of philosophy to this day. This method is exquisitely devised in the *Critique of Pure Reason*.

Disclosing his method he writes, "It is a call to reason to undertake anew the most difficult of all its tasks, namely, that of self-knowledge, and to institute a tribunal which will assure to reason its lawful claims, and dismiss all groundless pretensions, not by despotic degrees, but in accordance with its own eternal and unalterable laws. This tribunal is no other than the *critique of pure reason*" (CPR, A xi-xii). Kant continues in a footnote on the same page; "Our age is, in especial degree, the age of criticism, and to criticism everything must submit" (CPR, A xii). Critical method calls for complete overhauling whereby deleterious and ridiculous inclinations might be mitigated and dismissed in the true spirit of enlightenment. This is also an invite to look beyond metaphysics per se in an effort to carry out inquiries at all possible levels.

His new approach did not attempt to dismantle the existing systems of philosophy rather sought to knit together the contrasting schemes leading to his revolutionary method. This new method takes nothing for granted rather puts everything under scrutiny. It upholds the validity of experience-based knowledge while simultaneously delimiting its scope. This delimitation is clear when he writes; "there can be no doubt that all our knowledge begins with experience... In the order of time, therefore, we have no knowledge antecedent to experience, and with experience all our knowledge begins. But though all our knowledge begins with experience, it does not follow that it all arises out of experience" (CPR B 1). In arriving at this conclusion Kant was tremendously inspired by Hume who facilitated him to reflect beyond the dogmatic rationalism.[1]

Both dogmatism and empiricism have their pitfalls and a critique of reason is inevitable to arrive at a right method of philosophy. His method does not offer a free-hand to reason as it subjects reason also to criticism. Kant writes, "I do not mean by this a critique of books and systems, but of the faculty of reason in general, and determine its sources, its extent, and its limits—all in accordance with principles" (CPR A xii). Thus though Kant values reason he does not consider it to be unproblematic. On the contrary, he argues that what guides our rational enquiry could also be the locus of error and therefore a genuine critique is essential. Therefore he envisages a new role for reason. He is certain that it is reason which should serve as judge of all realities, though not arbitrarily, but within the purview of certain laws. Thus, though Kant takes human reason to its pinnacle, yet subjects it to an explicit path of criticism which he calls the "Self-examination" (Meiklejohn, CPR xv) of reason. This is where Kant adds a new tone to the rational philosophy making a movement towards a critical philosophy calling it an "examination of reason alone" (Meiklejohn, CPR xiv). Thus critiquing of reason becomes the essence of his method.

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[1]Kant's regard for Hume is evident from these words in *Prolegomena to Any Future Metaphysics*. Kant recalls: "I openly confess my recollection of David Hume was the very thing which many years ago first interrupted my dogmatic slumber and gave my investigations in the field of speculative philosophy a quite new direction" (PAFM 4:260).

Discussing the aspirations of this method Kant speaks of "certainty and clearness" (CPR A xv). He wants that this method to assure some amount of certainty to our reasoning though he expresses the fear regarding the success of his critical method. His preface to the first edition conveys this fear in these words: "Whether I have succeeded in what I have undertaken must be left altogether to the reader's judgement; the author's task is solely to adduce grounds, not to speak as to the effect which they should have upon those who are sitting in judgement" (CPR A xv). Kant is though upbeat about his famous method he is modest in his claims about the success of the method which he leaves to the judgement of the reader as he put it at the very outset in his preface. Thus, Kant's philosophical method is unique and he successfully applied to all aspects of philosophy including ethics. Kant refers to this capacity of reason as one that leads to the specifically transcendent judgments that describe metaphysics.

Therefore Kant's method is all pervasive which offers no edge to any specific faculty or system but objective in its search for truth. The speciality of Kant's method was his realization that even what guides our rational scientific inquiries is also the locus of error and needs to be checked. Thus Kant's philosophical method culminating in the critical philosophy appears to be an appropriate paradigm for evaluating business and trade policies and activities of the world. Kant's method which does not offer a free hand even to reason is the right method to be adopted to investigate into the current trade practices of the world. Therefore, it is our aim in this research to apply this method which is tested and proved, for the establishment of genuine trade and business practices in the world.

2.1.2 Objectives of Kant's Ethics

The foremost objective of Kant's ethics is to put in place a metaphysic of morals. This plan of Kant comes alive in the first two chapters of the *Groundwork* which clearly depicts his ethical objectives. In the light of Groundwork, an exact statement of the principles where all of our ordinary moral judgments find a base appears to be the primary focus. He writes: "A metaphysics of morals is therefore indispensably necessary, not merely because of a motive to speculation – for investigating the source of the practical basic principles that lie a priori in our reason - but also because morals themselves remain subject to all sorts of corruption as long as we are without that clue and supreme norm by which to appraise them correctly" (GW 4:389).

This ethical statement entrusts us with an ethical obligation both to undertake a study of the principles of reason and also our moral living. It is in this order that we find Kant's *Groundwork* invariably leads to *The Metaphysics of Morals* sandwiching the *Critique of Practical Reason* where Kant clarifies his findings from the *Groundwork* as ethical obligations for oneself and others.[2] This is made clear when he writes that, "only a detailed *Critique of Practical Reason* can remove all this misinterpretation and put in a clear light the consistent way of thinking that constitutes its greatest merit" (CPrR 5:7). And the very first lines of his preface to *The Metaphysics of Morals* read: "The critique of practical reason was to be followed by a system, the metaphysics of morals… (MM 6:205).

This objective of Kant to put in place a metaphysic of morals comes alive with greater force in the *First Critique* with a question that is essential to all philosophising. Our human reason which is also practical is summarised in the form of a question which reads: "*What ought I to do?"*(CPR A 805/ B833). Thus Kant here reveals that our life demands more than just devising a formula of action meaning a concrete plan of action regarding the practical living remains to be the ultimate objective of Kant.

2.1.3 Possibility of Pure Ethics

The humanity has always been striving for a composite unity. There is an ever growing interest among the educated masses to view knowledge as a totality and understand its un-compartmentalised nature. Given this nature of knowledge, can we really talk about the purity of any subject of human seeking in a totally unrelated manner? It is certainly ridicules and not our

[2] An interesting reason for the transition from *Groundwork* to *The Metaphysics of Morals* is given by Paton which is worth referring to here. He writes, "The *Groundwork* may be regarded as setting forth the core of kernel of a Critique of Practical Reason: it considers only some of the topics peculiar to a critique and ignores others, such as the relation of practical to theoretical reason , a topic not of immediate importance for moral philosophy. Ant believed that practical reason was less in need of a critique than pure reason, and he may have intended to go straight on to a metaphysic of morals. If so, the general failure to understand the *Groundwork* may have led to a change in his plan. In any case he published the *Critique of Practical Reason* three years later (in 1788), while *The Metaphysic of Morals* was not published till 1797, when he was already 73 years old." Paton H.J. *The Categorical Imperative* (Chicago: The University of Chicago Press, 1948), 31.

aim here to establish the independence of ethics as unrelated to other subjects rather to demarcate the uniqueness of ethics and its impact on humanity as envisaged by Kant. Kant's contribution in this regard is tremendous and this section attempts to highlight this aspect of Kant's philosophical system.

Paton H.J holds that the question of morality or the Kantian theme of duty belongs to the branch of ethics which may be called as pure and unmixed ethics and considered rational in nature. With his distinction of pure and applied ethics, he makes a categorisation in Kant's moral philosophy. Therefore applied ethics would mean an application of the theoretical principles to different aspects of human nature and Anthropology and Psychology would be the automatic choices in the process.[3]Thus *pure ethics* would mean a set of principles which are valid for the rational agents and rationally gratifying as an *a priori* standard of human thought. And the empirical elements would set foot when pure ethics moves to the realm of the applied and thus the a priori nature remains to be the character trait of pure ethics. Therefore this distinction of pure and applied upholds the possibility of pure ethics in Kant's moral system.[4]

The question that immediately follows is: what is the relevance of this discussion on the possibility of pure ethics. An establishment of the fact of pure ethics in Kant's system provides a perfect platform for its adequate application in its practical respect. Only a sound theory can work in practice.[5] Therefore, a *pure ethics* of high esteem alone can be effective to meet the demands of its practical necessities. The significance of this discussion lies in the fact that we are trying to

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[3]Ibid., 23. In this context, it could be said that *The Groundwork of the Metaphysics of Morals* and the *Critique of Practical Reason* belong to the set of Kant's works on pure ethics though there could be some overstepping into the terrain of the applied while *The Metaphysics of Morals* for its most part is a testimony to applied ethics. Ibid. The second *Critique* of Kant is also sometimes entitled a Critique of *Pure* Practical Reason, which explains the fact that though the second *Critique* deals with practical issues, it is essentially pure practical precepts and not applied principles. This again substantiates the classification that the second *Critique* belongs to the category of Kant's pure ethics.

[4]It may be noted that our study *Kant's Ethics for Business and Trade*, is a certain example of a study on applied ethics. Here the pure ethical norms of Kant are brought to a new level of philosophical discipline and an effort is made to enhance its relevance.

[5]Kant has titled one of his short essays as *On the common saying: That may be correct in theory, but it is of no use in practice* which does not contradict my claim that only a good theory alone works in practice rather it redefines the concept of a *good theory*. He explains: "For here it is a matter of the canon of reason (in the practical), where the worth of practice rests entirely on its conformity with the theory underlying it, and all is lost if the empirical and hence contingent conditions of carrying out the law are made conditions of the law itself, so that a practice calculated with reference to an outcome probable in accordance with previous experience is given authority to control a self-sufficient theory" (CSCT 8:277).

analyse the soundness of the pure ethical principles of Kant before applying it to the practical field. In *Groundwork* he asks "is it not thought to be of the utmost necessity to work out for once a pure moral philosophy, completely cleansed of everything that may be only empirical and that belongs to anthropology?" (GW 4:389). Already in the preface to second *Critique,* he would define the scope of critique of practical reason that it "has only to give a complete account of the principles of its possibility, of its extent, and of its limits, without special reference to human nature" (CPrR 5:8).

Even in *The Metaphysics*[6] *of Morals,* which is an application of moral *a priori* principles, Kant remembers to start off from first defining the pure nature of ethical concepts. "But this will in no way detract from the purity of these principles or cast doubt on their a priori source. – This is to say, in effect, that metaphysics of morals cannot be based upon anthropology but can still be applied to it" (MM 6:217).

From these discussions it is indeed beyond any contention that Kant is pressing for the need of a pure ethics. Kant all through his philosophical career emphasised a metaphysics of morals which he envisions to be primarily *a priori* and therefore should consist of pure ethical norms. He states, "A Metaphysics of Morals is therefore indispensably necessary, not merely because of a motive to speculation – for investigating the source of the practical basic principles that lie a priori in our reason – but also because morals themselves remain subject to all sort of corruption as long as we are without that clue and supreme norm by which to appraise them correctly" (GW 4:389-390). Kant asserts again that the pure moral principles are indispensable not merely for the purpose of understanding their counterparts at the practical sphere rather also to preserve these very principles untainted. Therefore a constant effort is required both to keep these principles free of blemish and then to apply them correctly.

[6]Kant's definition of Metaphysics is in itself evidence to *a priori* and the pure nature of ethical principles. He defines: "If, therefore, a system of a priori cognition from concepts alone is called metaphysics, a practical philosophy, which has not nature but freedom of choice for its object, will presuppose and require a metaphysics of morals, that is, it is itself a duty to have such a metaphysics, and every human being also has it within himself, though in general only in an obscure way; for without a priori principles how could he believe that he has a giving of universal law within himself?" (MM 6:216).

Sometimes it is observed that the problem with Kant's philosophy is to distinguish between the pure principles of ethics and the applied. Though the pure concepts can only be related to supreme principle of morality, Kant sometimes takes the liberty to stretch it to what could be seen as moral laws. The particular moral laws are not related to pure philosophy rather belong to applied ethics having reference to human nature.[7]We need to distinguish between singular moral precepts from the pure moral principles. Moral rules and moral laws belong directly to the category of applied ethics because they provide specifications to the pure principles of morality by having a direct bearing on the human nature. Only those principles may be called pure which are broadly applicable to all rational agents at all situations.

This view could be further authenticated with an example from *The Metaphysics of Morals* where Kant presents freedom as a pure rational concept which is transcendental and rational and also a proof of rational will in us. Based on this concept of freedom we have other practical laws which are considered moral (MM 6:221). Paton informs us that a morally acceptable action is one which is done not in accordance with duty rather for the sake of duty. The idea presented here is that if we do not understand the nature of duty in its purity our moral imperatives would be misguided. Kant is convinced that everyman has at least in an obscure form some concept of duty though in the case of ordinary men the tendency to evade the pure philosophy of duty is high. Due to the attractions of pleasure he may fail to perceive the call of duty and therefore a pure concept of duty is essential to uphold duty at all times.[8]

Thus, it could be stated that for Kant pure ethics is possible and a necessity in order to set right guidelines for one's living. Pure ethics alone can reassert our faith in duty and enable us to act from duty and not merely in conformity with duty as Kant would argue. Pure ethical principles provide the framework for an integral ethical life. The possibility of pure ethics as Kant provides ample scope for its expansion and application to the practical sphere of human existence.

2.2 Principal Themes of Kant's Moral Theory

[7]Paton H.J, *The Categorical Imperative*, 23.
[8]Ibid., 24.

This section exposes the major themes of Kant's moral theory often called the deontological theory. It is no exaggeration to say that these terms provide the necessary profundity to the ethical position of Kant. Without these terms with their inherent implications, it would not have been easy for Kant to establish and explicate his ethical insights. Typical Kantian themes such as Good will, Imperatives, Duty etc… are rich in meaning and they need to be understood in a true Kantian spirit. Therefore, a brief study of these themes is inevitable as they form the basis for our further analysis and application. This exploration will facilitate the process of application of Kant's ethics to Business and Trade.

2.2.1 Primacy of *Good will*

For Kant, there is nothing which can be supposed as absolutely good except the good will and there may be things which might have some elements of goodness in them but they can become very dangerous if the will, which puts them to use is not absolutely good (GW 4:393). Therefore, it is not an overstatement to say that the Kantian morality rests on goodwill and the *will* is good not for the effect it produces but for its innate quality of being good which is its unique character. Reiterating this Kant writes in *Groundwork:*

> For, without the basic principles o f a good will they can become extremely evil, and the coolness of a scoundrel makes him not only far more dangerous but also immediately more abominable in our eyes than we would have taken him to be without it. A good will is not good because of what it effects or accomplishes, because of its fitness to attain some proposed end, but only because of its volition, that is, it is good in itself and, regarded for itself, is to be valued incomparably higher than all that could merely be brought about by it in favor of some inclination and indeed, if you will, of the sum of all inclinations (GW 4:394).

In his *Groundwork*, Kant sets off to define his concept of Good Will. According to him, it is impossible to conceive anything as good without any limitation and it is Good Will (GW 4:393). Thus for Kant, Good Will stands as an unconstrained principle with no boundaries. The phrase 'good without limitation' definitely needs an immediate explanation. For Kant this would mean that good will is good at all times and in every context. Good Will does not change from one situation to another. It cannot represent good at one instance and evil at another.[9] It is not conditioned by one's whims and fancies and its goodness does not vary in accordance with different demanding situations. It is absolutely good and always serves as end and does not shuttle between ends and means. Therefore there is no inherent dichotomy which makes it a unified ideology.

However, the question what is good will needs a serious introspection. An appropriate discussion here would be relevant to our context. Some scholars think that Kant has left this term in a mysterious state without specifically defining it though he uses it extensively right through his philosophical-ethical discussions. In the *Groundwork*, it appears right at the beginning of section I, but without a definition (4:393). Kant seems to take for granted that everyone would understand this term *good will* the same way. And every serious reader of Kant would experience the self-manifestation of this good will principle throughout his writings. Kant does not seem to have shown interest in a descriptive presentation of good will rather he lets it to unveil. Thus we can witness a gradual unfolding of it in his moral theory dominating most of his discussions on ethics.

Can *good will* be interpreted as *moral will*? Even this interpretation would not engross this concept in its entirety. The term *morality* itself is too vague with diverse meanings. Again, people might identify morality with conventional morality. Therefore good will would mean a moral will which is bound by conventions and intellectually not free. Such a will would not be genuinely good and Kant is keen on presenting will as genuinely good.[10] Therefore identifying good will with moral will is not be plausible. What is conventionally considered good is not genuinely good as conventionalities can be conservative and orthodox challenging the modernity.

Thus moral will is not good will though moral will can possess inherent goodness. However, we need to assert the close association that can exist between the moral will and goodwill. Though it is difficult to establish the identity between them, their similarities cannot be overlooked. In GW 4:402 Kant appears to argue vigorously for a solid commitment for moral behaviour of a morally

[9]Ibid., 34.
[10]Ibid., 34-35.

righteous person. With his famous example of ‘promise making’ Kant affirms the inevitability of conformity between the moral law and the life of a good willed individual. He writes:

> But what kind of law can that be, the representation of which must determine the will, even without regard for the effect expected from it, in order for the will to be called good absolutely and without limitation? Since I have deprived the will of every impulse that could arise for it from obeying some law, nothing is left but the conformity of actions as such with the universal law, which alone is to serve the will as its principle, that is, *I ought never to act except in such a way that I could also will that my maxim should become a universal law* (GW 4:402).

Kant declares that qualities which we usually associate with a good person such as moderation, self-control and calm reflection can facilitate the functioning of goodwill (GW 4:393). He also states that due to the weakness of the character of the person possessing goodwill, it may not be possible for the goodwill to manifest itself and carry out the noble tasks promoting the well-being of everyone around (4:394). Thus, Kant affirms that good moral character can be a trait of presence of goodwill in an individual but not a guarantee that it is true at all times. Robert N. Johnson reflects on this strikingly significant Kantian principle:

> Indeed, a person could apparently lack a good will yet possess the whole panoply of desirable qualities one might naturally associate with being a good person, qualities such as kindness, compassion, courage, moderation, strength of will and so on – the very qualities that Kant himself thinks make one able and suited to pursue the very goals that would be adopted by a good will. Since those are the very qualities of character and temperament that allow one to achieve these noble goals, it is even conceivable that someone might have all of these desirable qualities and achieve all of the noble goals a good will would have, yet still lack a good will and hence still fail to be a morally good person.[11]

Thus Kant fervently argues for the primacy of good will and his conviction resounds throughout his writings. He has argued out convincingly that all desires for pleasures including happiness are

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[11]Robert N. Johnson, “Goodwill and the worth of moral worth of acting from duty” in *The Black well Guide to Kant’s Ethics*, ed. Thomas E. Hill (West Sussex: Blackwell publishing Ltd., 2009), 20.

inferior motives and therefore are impediments to rational process. But goodwill on the contrary has no such inferior motives and therefore a being with goodwill would always act acceptably in accordance with duty. It is for this reason that Kant argues for the primacy of the goodwill.

2.2.1.1 *Good will* as good without qualification

As our above discussion shows, for Kant, goodwill alone is good without any limitation (ohne Einschränkung). It is an unconditioned good which cannot be qualified to subscribe to any inherent limitation. A question that needs immediate discussion here is whether all goods can be considered absolute goods or what Kant calls 'good without limitation' is a special kind categorised within the pool of goods. This question arises because in our ordinary usage the word *good* has diverse meanings and interpretations. Even from a philosophical perspective, different schools have interpreted according to their pattern of thought.

Paton addresses this question when he speaks about the *prima facie* goods. If we argue that all the prima facie goods are absolute goods or goods without qualification then goodwill as Kant speaks has nothing unique. *Pleasure* is a *prima facie* good which in some context can become absolutely bad such as when one takes pleasure over others' pain. Even art and knowledge are no good to a starving man. In these cases, the goodness in things is an abstraction and what is real is the goodness of a thing in concrete situation. Thus the goodness varies according to the context. Here, the distinction is made between the usefulness of a thing and the goodness of a thing as such. Again, by stating that goodwill is good without limitation we do not mean that its actual goodness can be traced through abstraction alone rather it belongs to its very nature and inherently present in it.[12]

Therefore for Kant, goodwill is absolutely good means that it has its full worth in itself and it cannot vary in any situation and the context will have no bearing on it. Kant observes, "There is, however, something so strange in this idea of the absolute worth of a mere will, in the estimation of which no allowance is made for any usefulness, that, despite all the agreement even of common understanding with this idea, a suspicion must yet arise that its covert basis is perhaps mere high-

[12] See Paton H.J, *The Categorical Imperative*, 39-43.

flown fantasy and that we may have misunderstood the purpose of nature in assigning reason to our will as its governor" (GW 4:394-395).

We observe that most things in life have only limited and conditional value. These have value only in relation to something or only as means to an end. Goodwill is an end in itself and it also enables us to go beyond the infinite regress principle and establish an unconditional and absolute principle rising above the limitation of common experience. We often tell people that someone is 'good at heart or good natured', which is a compliment to one's personhood. It refers to his will because we observe someone to be good because of the life one lives and his/her life is good or bad depending on the choices he/she makes. The decisions give identity to one's life and the good decisions of life are what make us to call someone 'good natured'. And the decisions are made by the will and what makes a good person good is the possession of a will which makes the decisions in harmony with the moral law. Thus goodwill is closely associated with someone who is morally worthy and considers moral qualities as conclusive reasons for ones living. Such people are seen with great admiration and we value them without limitation or qualification.

2.2.1.2 *Good will* as Supreme Good

Kant expresses the greatness of the will in the strongest terms when he states that "it must be the highest good[13]" (GW 4:393). Kant makes it clear that *good will* is superior to all else and the cause of all goodness. Kant has successfully argued that it is the unconditioned and the absolute good without being conditioned by any particular context or confining situation. For Kant supreme good, highest good and absolute good can mean the same. In comparing it with other types of good he states that it is higher beyond any comparison (GW 4:394).

Goodwill is the supreme good because it remains untarnished by anything bad or evil. It is unique among all goods because it does not combine with anything which is evil. Therefore for Kant, all other *goods* are limited in the sense that they combine with evil in some measure which makes it

[13]Though Kant calls good will as the highest good, it could be noted that to a large extend, his theory of good will remains unexplored. Kant appears happy to leave its meaning at an intuitive level and allow the readers' mind to explicate it. Thus his concept of goodwill offers ample scope for creative exploration within the parameters set by Kant. Kant leaves goodwill un-explicated which does not limit its scope or set boundaries rather provides intellectual viability for applications to different contexts.

to be contaminated. Kant writes, "This will not be, because of this, be the sole and complete good, but it must still be the highest good and the condition of every other, even of all demands for happiness" (GW 4:396).

Kant again makes a distinction here when he states that it is not just the *complete good* rather the *highest good*. Thus he makes sure that the emphasis he lays on the supremacy of this type of good is made explicit beyond ambiguities. This is made evident when he writes in the *Second Critique* that, "The concept of the highest already contains an ambiguity that, if not attended to, can occasion needless disputes. The highest can mean either the supreme or the complete. The first is that condition which is itself unconditioned, that is, not subordinate to any other; the second is that whole which is not part of a still greater whole of the same kind" (CPrR 5:110).

It could be noted here that Kant does not offer any other descriptions about goodwill or use imageries or metaphors to explicate it further for he is convinced that there could be nothing which can sufficiently unravel its meaning. Therefore he prefers to call it as the highest good offering intellectual liberty for everyone to understand it. Kant thinks that it is not a concept which needs to be taught rather it is in everyone's understanding. He writes, "We have, then, to explicate the concept of a goodwill that is to be esteemed in itself and that is good apart from any further purpose, as it already dwells in natural sound understanding and needs not so much to be taught as only to be clarified – this concept that always takes first place in estimating the total worth of our actions and constitutes the condition of all the rest" (GW 4:397). Thus Kant does not display keen interest on expounding the nuances of goodwill rather he is comfortable to state that it is the *highest good*.

To say that good will is the highest good does not imply that nothing else possesses goodwill. There are other things which are achieved by goodwill and they will certainly have value. Though Kant argues that goodwill is the highest good he does not subscribe to the view that it is the only good. He is of the view that reason plays a role in the pursuit of different goods such as happiness. Though happiness can be a good through the interference of reason, it is a relative good as it is subjected to the principle of reason. The unconditioned good is the will which is good in itself and not a will conditioned to satisfy certain desires.[14]

Dean adds an exciting twist to the discussion on goodwill. He speaks of goodwill in relation to human beings. According to him, goodwill is not a rarity among the human beings because there is reason to treat everyone with dignity and respect though we don't find the perfection of goodwill in everyone. Goodwill is not the property of a few moral saints who are committed to a moral world and whose margin of lapse in moral matters is less. But, Kant being aware of the frailties of human nature which he acknowledges[15] repeatedly in his writings, argues for the presence of goodwill in most human beings. Goodwill involves commitment to moral principles which is compatible with certain amount of self-deception and the weakness of the will in a human person[16].

Though goodwill is the supreme good, at times it fails to produce good results and its goodness is not diminished by this failure or the bad results which follow. These bad results are due to the human frailties and unhealthy combinations with the evil. Irrespective of these results, goodwill retains its state of purity and remains as the supreme good for Kant states, "Even if, by a special disfavour of fortune or by the niggardly provision of a step motherly nature, this will should wholly lack the capacity to carry out its purpose – if with its greatest efforts it should yet achieve nothing and only the good will were left – then, like a jewel, it would still shine by itself, as something that has its full worth in itself" (GW 4:394). Therefore it is an inherent good and its goodness is not conditioned by any factors and so goodwill is the supreme good.

2.2.2 Duty as Act of Obligation

[14]Ibid., 44-45.

[15] This Kantian acknowledgment of human frailty is amply clear in his idea of *radical evil*. In *Religion within the Bounds of Bare Reason* he writes that, "This insincerity of throwing dust into one's own eyes, which prevents the founding of a genuine moral attitude in us, then also expands outwardly to a falsity and deception of others that, if it is not to be called malice, yet deserves to be named at least worthlessness; and this insincerity resides in human nature's radical evil, which (because it deranges the moral power of judgment in regard to what one ought to consider a human being to be and thus makes imputation inwardly and outwardly entirely uncertain) amounts to the foul stain on our genus, which, as long as we do not get it out, prevents the germ of the good from developing, as it otherwise presumably would" (RN 6:38).

[16]Richard Dean, *The Value of Humanity in Kant's Moral Theory* (Oxford: Clarendon Press, 2006), 7.

The Kantian morality may begin with goodwill but does not actually proceed from it rather it evolves from the principle of duty. In order to make clear the concept of goodwill Kant introduces the concept of duty. Kant does not equate duty with goodwill for he writes; "we shall set before ourselves the concept of duty, which contains that of a good will though under certain subjective limitations and hindrances, which, however, far from concealing it and making it unrecognizable, rather bring it out by contrast and make it shine forth all the more brightly" (GW 4:397).

A righteous person will be driven to respond positively to the call of duty and it is ones maxim that gets actualized while responding to the duty. Thus duty is the relationship between ones actions and the autonomy of the will. All actions do not qualify to be moral but actions done for the sake of duty alone are morally worthy. The moral worth of an action depends whether one acts from duty or from inclinations. If inclinations dominate, the moral worth of these actions will deteriorate and on the other hand if the role of inclinations is low its moral worth be on the higher side. Kant's admiration for duty is best expressed in these words from the *Groundwork*:

> *Duty!* Thou sublime and mighty name that embraces nothing charming or insinuating, but requires submission, and yet does not seek to move the will by threatening anything that would arouse natural aversion or terror in the mind but only holds forth a law which of itself finds entry into the mind and yet gains reluctant reverence (though not always obedience), a law before which all inclinations are dumb, even though they secretly work against it; what origin is there worthy of you, and where is to be found the root of your noble descent which proudly rejects all kinship with the inclinations, descent from which is the indispensable condition of that worth which human beings alone can give themselves? (CPrR 5:86).

These words summarise the Kantian principle of the primacy of duty. The true moral worth of a human being is revealed when he acts from duty. An action has to be free of all inclinations if it has to be considered dutiful meaning in conformity with the moral law. Kant holds that common moral thought identifies duties towards ourselves and others. He also speaks of perfect and imperfect duties. And these diverse forms of duties are derived from the categorical imperative which is also the fundamental principle of morality.

2.2.2.1 Perfect Duties as Mandatory

The perfect duties are those which offer no exceptions and considered guilty if we don't attend to them. These are duties which we apply to all cases and followed unswervingly. These duties could be further explicated that the duty towards ones neighbour is not less significant to duty towards ones parents. If one has debts to be paid to someone then he needs to pay it as promised as per contract. And if one says that he needs the money to take care of his/her parents and the debt cannot be paid then it is morally wrong and against the spirit of perfect duty. It is a kind of unqualified duty which cannot be substituted for another or bypassed. Thus perfect duty demands to perform the particular act as promised earlier.[17] The perfect duties can be further divided into duties towards oneself and others.

2.2.2.1.1 Perfect Duty towards Ourselves

Kant with an example elucidates the perfect duty towards ourselves. He argues if someone has experienced extreme hardships and as an act of frustration decides to take away one's life, but still in possession of reason may ask, is it not against duty to take away my own very life? Such a person, if he tries to ask whether his maxim of the action can become a universal law of nature then the maxim of his action would be, "From self-love, I make it my principle to shorten my life when its longer duration threatens more trouble than it promises agreeableness" (GW 4:422).

The question here is, whether this principle of 'self-love' can become an act for the sake of duty? Any serious reflection would tell us that prolongation of life to the maximum is the purpose of human living and this particular maxim can't be qualified to be a universal law of nature and so it is against the spirit of the principle of duty. The natural law theory states that the preservation of human life is an absolute priority. The experience of pain and suffering as in this case is not a reason for suicide. The world cannot operate on such principles where everyone experiencing pain opts for suicide. It cannot become a universal norm for the call of duty is prolongation of human life. To borrow the words of Kant; " It is then seen at once that a nature whose law it would be to

[17] Paton H.J, *The Categorical Imperative,* 147-148.

destroy life itself by means of the same feeling whose destination is to impel toward the furtherance of life would contradict itself and would therefore not subsist as nature" (GW 4:422).[18]

2.2.2.1.2 Perfect Duty towards Others

As in the previous case, here too, Kant opens the discussion with an example of *borrowing money*. In the example of borrowing money, whoever is in need of money would borrow it from someone though he knows that he would not pay it back. With a false promise to pay back and yet has the moral conscience to ask oneself whether it is acceptable to do so. This would lead to the maxim that whenever I need money, though I can't pay back I would still borrow with an assurance which I intend to violate (GW 4:422).

For Kant, maxim of this type cannot become a universal law. Kant's view is that it is unreasonable to do an action if that action's maxim contradicts itself when made into a universal law. Here in this case of *lying promise*, making it a universal law implies that one can lie when he is assured of what he wants from lying. Roger Sullivan deduces a conjunction from the example of a lying promise. "I intend to make lying promises whenever it is advantageous to me to do so, and I also will a world in which everyone else makes lying promises, even to me, whenever it is advantageous for him or her to do." Its consequent conclusion would be that the convention of promise-making would break down and no one would remain faithful to the promises they make. [19]

The aim of promise making is to build trust among people in the society and if everyone who borrows money fails to keep the promise made at that time then promise making becomes a meaningless exercise. Thus it would eventually lead to a culture where people do not trust each other and there will be a society without trust giving way to suspicion and deception. Therefore, we cannot act on an immoral maxim like *false promise*. Upkeep of promises is a

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[18] We need to take in to account here that the value of human life has no parallel or substitute and so all the medical experiments and advances are in view of this principle. The natural law is the prolongation of human life as long as possible and that is the reason that most Societies have not legalized 'Euthanasia' or 'Mercy Killing'. And it is for the same reason that capital punishment is a moral issue.

[19]Roger Sullivan, *Immanuel Kant's Moral Theory* (Cambridge: Cambridge University Press, 1989), 169.

duty which needs to be followed perfectly as it involves ones integrity and responsibility to the other.

2.2.2.2 Imperfect Duty as Voluntary

Imperfect duties are those which refer to the procedures and values one need to follow though it is not absolutely necessary to keep them at every instance. The imperfect duties are not binding in the same measure as the perfect duties. It gives the option to reject or hold on to the principles as and when a need arises. It can also be further classified as duty towards oneself and duty towards others.

2.2.2.2.1 Imperfect Duty towards Ourselves

Kant presents the example of a man who is potentially talented and a healthy utilization of his talents would make him a better contributor to the world. But, a particular person does not show any interest in developing his talents and takes a lukewarm approach towards the gift of nature at his disposition. The point in consideration here is whether this approach can be made a universal norm for all to follow (GW 4:423). This would disturb the fabric of the entire human community whose purpose is a constant striving for perfection. Advancement at all levels whether personal or collective is humanity's ultimate vision. Carelessness to ones capacities and nullifying one's possibilities do not guide humanity towards its final resolve. Kant writes: "For as a rational being he necessarily wills that all the capacities in him be developed, since they serve him and are given to him for all sorts of possible purposes (GW 4:423).

Kant argues here that the talents to be developed are not meant to serve oneself or others rather the fact that they have been given implies that they need to be developed. The powers that Kant mentions here are those which give specific human identity. They would include the powers of scientific thinking, aesthetic appreciation and an authentic moral living. These are powers which make people to prosper and flower to their full potential. It involves a moral duty and responsibility towards oneself to bring the best out of oneself and contribute positively to the society. It is a contradiction to have talents and at the same time not to put them into use. It may be perfectly logical if one thinks that he wants to live without developing his talents but certainly unacceptable if we view from the perspective of the talents and their subsequent purpose. It is for this reason that Kant calls it a duty to oneself but having its impact also on others and society.

2.2.2.2.2 Imperfect Duty towards Others

Kant explicates the imperfect duty towards others through an example. Someone for whom everything seems to be going smoothly sees others struggle hard to make their living. And the person thinks that he/she is not the cause for others' struggles and so it is not his/her responsibility to alleviate it. Here, the person is not the cause of suffering of others rather does not bother about them. For Kant, this sort of thinking would eliminate social responsibility and cannot become a universal law (GW 4:423). Kant writes:

> Now, if such a way of thinking were to become a universal law of nature (then) the human race could admittedly very well subsist, no doubt even better than when everyone prates about sympathy and benevolence and even exerts himself to practice them occasionally, but on the other hand also cheats where he can, sells the right of human beings or otherwise infringes upon it. But although it is possible that a universal law of nature could very well subsist in accordance with such a maxim, it is still impossible to will that such a principle hold everywhere as a law of nature (GW 4:423).

Now, the human society would not cease to exist with such a maxim because there is no infringement of other's rights or any threat alert to other's life. But this cannot become a universal norm because one does not offer to the other the kind of assistance he might expect from others when he/she goes through a similar situation. Although we would live our lives without considering others, we fail to live a social life as social beings contributing and affecting the lives of other people in the world. Therefore gestures of this kind are also duties though they are not mandatory duties but necessary for enhancement of human community.

2.2.3 Good-Evil Dichotomy in Kant's ethics

Good and evil are central themes in the study of ethics and no sincere inquiry into morality can bypass this binary. Philosophers for ages have thought over this question and have come out with diverse opinions which are inspirational and yet inadequate. One of the key questions discussed over the years is whether good and evil are absolute or they are relative to time and context of an event. Wouldn't they have any existence when taken away from the context? Are good and evil infused into the nature of human persons or are they simply abstractions resulting from the absence of something or the other. This dichotomy is a question of everyday experience which philosophy since its inception has attempted to understand. With the Sept.11 terrorist attack, we are exposed to the stark nature of evil. This and similar paradigmatic cases bring about a stern moral indignation which the term *evil* alone appears skilled to describe. There is an intuitive experience of evil in day today experience when an innocent suffers and we feel vice is rewarded and virtue goes unmerited. Thus good- evil contrast is a fact today in concrete human experiences and evil at least makes abysmal appearances at different stages of our very lives.

Kant being a philosopher who expressed immense faith in human person's dignified life and self-worth was genuinely interested in this dichotomy of good and evil in every one of us. We witness an elegant unfolding of this concern not merely in his works on morals but also in his works on religion and throughout his philosophical surge. As no study on ethics can bypass this issue, it is imperative to discuss it as a prelude to the understanding of Kantian ethics and its subsequent application to business and trade.

In Kant we find that *evil* receives a conceptual independence particularly from its religious connotations and it is basically seen as a moral problem. Unlike Augustine, for whom evil was merely a privation of good and Aristotle who presented it as a deviant character of matter, Kant interpreted it from the perspective of human freedom. In contrast to the medieval tradition which perceived evil as an absence of good, Kant advocated that it stems from one's nature. When we denote evil in relation to good, we deny its self-standing status. Kant was certain that if evil[20] is to have any moral relevance then it had to stalk from an appropriate use of an individual's freedom

[20]It's worth mentioning here that Kant in his works on religion enters into a profound discussion on the propensity to evil which he terms *radical evil*. Though *radical evil* has deep significance in Kant's philosophy, we limit our discussion to moral evil because our prime consideration in ethics is moral evil. And whenever it is referred to *evil* in this section it means moral evil unless otherwise mentioned.

where good and evil present themselves as different options for us to choose. Kant reflects these sentiments when he asserts that, “when we enquire into the origin of evil, at the beginning we still do not take into account the propensity to it (as *peccatum in potentia*) but only consider the actual evil of given actions according to the evil’s inner possibility, and according to all that must conspire within the power of choice for such actions to be performed” (RN 6:40-41).

Kant describes evil as powers of choice[21] that an individual possesses over his actions. Kant would not see evil as a property of things themselves rather he locates it in the maxim one chooses. Kant states; “we call a human being evil, however, not because he performs actions that are evil (contrary to law), but because these are so constituted that they allow the inference of evil maxims in him” (RN 6:20). Kant does not hold that moral evil is a violation of the moral law rather he sees it as one’s immoral disposition. The inflexion of the will is revealed through the actions and the evil actions depict the invisible will acting in a particular manner. Thus for Kant, evil is not a transgression of practical law rather a wrong decision of the will.

Evil therefore is an act of freedom which reveals the value an agent holds and the reason one applies in the process of deliberation. Impulses and inclinations may incite an agent but they cannot infringe upon the individual unless allowed to do so (GW 4:458). This is an act for which the person is completely responsible and it is not the effect of another cause or forced upon someone rather ones choice.

Though Kant’s discussion on *evil* is pretty extensive, generally in relation to human nature, the same cannot be said about his treatment of *good*. Whatever discussion he engages regarding *good* is always in correspondence with his elaboration of *goodwill*. However, in this section, it is our aim to pool together his thoughts on *good* which is essential for further study and analysis in this

[21]Kant is a moral rigorist who does not hold for a neutral between good and evil. For him the human person can choose from good or evil and nothing is between both. Therefore the power of choice would mean to choose between good and evil. The provision for a moral indifference is not available in Kant’s scheme of philosophy because the moral law is the incentive of the power of choice (RN 6:23). This description *power of choice* could be meaningful when we understand the Kantian distinction of *Wille* and *Willkür*. These are the two qualities of the will by which the dual functions of legislation and execution are carried out. Our power of choice lies in their effective functioning and it is in this that we experience the force of moral law. *Will*e is legislative and the author of law while *Willkür* is executive and the source of maxims (MM 6:226). See Saju Chackalackal, *Unity of Knowing and Acting in Kant*: *A Paradigmatic Integration of the theoretical and the practical* (Bangalore: Dharmaram Publications, 2002), 220.

research. Kant did not subscribe to the view that any outcome was inherently good rather goodwill alone is intrinsically good without qualification. He would state that goodwill is good in itself and not for what it produces. The goal of reason is not to produce happiness but to produce a will that is good in itself.

It is interesting to note that in the *Second Critique*, Chapter II on the analytic of practical reason, Kant speaks about the concept of an object of pure practical reason. He calls good and evil as only objects of a practical reason. According to his classification the former flows from the faculty of desire and the latter from the faculty of aversion and in both of these cases they are in agreement with a principle of reason. But he states that it cannot be the case always as it is impossible to determine what brings pleasure and what brings pain without relying on experience (CPrR 5:58). He would add that well-being or ill-being always signifies only a reference to our state of agreeability or disagreeability, of fulfilment or pain. But what is agreeable is not necessarily good and what is disagreeable is not always evil. Kant writes:

> This is opposed even to the use of language, which distinguishes the agreeable from the good and the disagreeable from the evil and requires that good and evil always be appraised by reason and hence through concepts, which can be universally communicated, not through mere feeling, which is restricted to individual subjects and their receptivity; and since, nevertheless, pleasure or displeasure cannot of themselves be connected a priori with any representation of an object, a philosopher who believed that he had to put a feeling of pleasure at the basis of his practical appraisal would have to call *good* that which is a *means* to the agreeable, and *evil* that which is a cause of disagreeableness and of pain; for, appraisal of the relation of means to ends certainly belongs to reason (CPrR 5:58).

Thus Kant appears to hold that there is nothing good or evil in itself rather the decisive grounds of good depends on our pathological feeling towards the object. This is not a *good* but a *well-being*, not a concept of reason but merely a pragmatic concept of feeling. This cannot belong to pure practical law and therefore it cannot be the case for morality (CPrR 5:62). Well-being or ill-being refers to the agreeableness or disagreeableness which is essentially gratification or pain but good or evil always has a reference point in the will determined by the law of reason (CPrR 5:60).

Thus it could be summarised that what is morally good is what is in accordance with the moral law. The moral law is formal having no content but only a form and it could be concluded that goodness is prescribed to rational agents who responsibly will their actions in conformity to the law. We call those actions evil where content is given before form and will decides arbitrarily making exceptions for itself. Evil is brought into existence when one acts on a maxim other than the pure practical reason. So the goodness depends on acting on one's duty without adhering to feelings and sentiments. Thus if the will is good then the subsequent actions are good and if will is evil then the actions flowing from it are evil. This therefore leads to the famous Kantian conclusion which reads, "it is impossible to think of anything at all in the world, or indeed even beyond it, that could be considered good without limitation except a goodwill" (GW 4:393).

This also reinstates my previous supposition that Kant talks about *good* always in relation to *goodwill* as he does not find anything else good. Thus Kant argues in the *Groundwork* that the human reason has a greater pursuit than happiness with a higher purpose to accomplish what Kant terms as *highest good*. He calls it as a vocation of reason when he writes; "the true vocation of reason must be to produce a will that is good…" (GW 4:396). It is therefore the reason's call and commitment to bring about a will which is good in conformity with the moral law. Thus for Kant *evil* is not something which subsists in a thing rather it is to be located in one's maxim and *good* is conceived always in relation to a will which is good.

2.2.4 Principles of Moral Obligation

The preface to the *Groundwork* outlines Kant's aim for his moral philosophy. He intends to present a supreme principle[22] of morality when he states, " the present Groundwork is, however, nothing

[22]For Kant the term *principle* "is ambiguous, and commonly signifies only a cognition that can be used as a principle even if in itself and as to its own origin it is not a principle. Every universal proposition, even if it is taken from experience (by induction) can serve as the major premise in a syllogism; but it is not therefore itself a principle. The mathematical axioms (e.g., that there can be only one straight line between any two points) are even universal cognitions a priori, and thus they are correctly called principles relative to the cases that can be subsumed under them. But I cannot therefore say that in general and in itself I cognize this proposition about straight lines from principles, but only that I cognize it in pure Intuition. I would therefore call a 'cognition from principles' that cognition in which

more than the search for and establishment of the *supreme principle of morality*[23], which constitutes by itself a business that in its purpose is complete and to be kept apart from every other moral investigation" (GW 4:392).

At the very outset, it is our task to provide some description of this supreme principle of morality as it is not self-revelatory. For some people, this principle is not as evident as it was for Kant while some others question the very existence of such a principle. It is possible that the common man wonders over its role on moral reasoning and moral theorising. Kant does not directly present an argument for it rather offers multiple articulations for the principle. For instance, Kant argues that reason should be the decisive force on moral matters and seeks unity under certain principles; unity in a minimum possible number of principles or a single supreme principle[24]. In the *First Critique* we read, "In the first part of our transcendental logic we treated the understanding as being the faculty of rules; reason we shall here distinguish from understanding by entitling it the *faculty of principles*" (CPR A 299/ B 356).

In *The Metaphysics of Morals*, he argues that, given the nature of the empirical data there could be plurality of principles but because the moral principles are to be decided by reason we can narrow down to one objective principle. He writes; " considered objectively, there can be only one human reason, there cannot be many philosophies; in other words, there can be only one true system of philosophy from principles, in however many different and even conflicting ways one has philosophised about the one and the same proposition" (MM 6:207). Again in his *Lectures on Ethics,* Kant emphasizes this idea while discussing morality. He conceives morality as conformity

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I cognize the particular in the universal through concepts. Thus every syllogism is a form of derivation of cognition from a principle. For the major premise always gives a concept such that everything subsumed under its condition can be cognized from it according to a principle. Now since every universal cognition can serve as the major premise in a syllogism, and since the understanding yields such universal propositions a priori, these propositions can, In respect of their possible use, be called principles"(CPR A 300 / B356 – 357).

[23]Kant assumes that there is a supreme principle of morality which he vows to establish. Kant is confident that it is a unique principle different from every other principle of moral obligation and he sets of to locate it in our daily moral life. For Kant, this is an assumption of a special kind where first having assumed, he attempts to explore its content. Th*e Groundwork* is a journey in this direction. Having reflected upon it in the first section, Kant concludes; "Thus, then, we have arrived, within the moral cognition of common human reason, at its principle, which it admittedly does not think so abstractly in a universal form but which it actually has always before its eyes and uses as the norm for its appraisals" (GW 4:403-404).

[24] Allen W. Wood, "The Supreme Principle of Morality," in *The Cambridge Companion to Kant and Modern Philosophy,* ed. Paul Guyer (New York: Cambridge University Press, 2007), 342.

to a single universal principle. In our daily living we call something moral because it corresponds with this universal principle. The essence of morality is that our actions are motivated by this single principle (LE 27:1426-1427).

In Kant's reasoning, the human will[25] whether good or otherwise is steered by reason. And reason moves human will in two diverse ways either in agreement with the law or contrary to the law and when *human will* acts in respect for the law, this is called the autonomy of the will or when it is driven by inclination, it is the heteronomy of the will.[26]In the *Second Critique* Kant speaks about two natures in every rational agent explicating the heteronomy and autonomy of human will. Kant observes that, "Autonomy of the will is the sole principle of all moral laws and of duties in keeping with them; heteronomy of choice, on the other hand, not only does not ground any obligation at all but is instead opposed to the principle of obligation and to the morality of the will. That is to say, the sole principle of morality consists in independence from all matter of the law and at the same time in the determination of choice through the mere form of giving universal law that a maxim must be capable of" (CPrR 5:33).

Thus, there is a sensible nature and a super sensible nature in every human person. The rational agent expresses the sensible nature when conditioned by empirical factors leading to heteronomy and expresses the super sensible nature when existing in accordance with the moral law leading to the autonomy of the will. Thus, though there can be only one supreme principle of morality, the search for this principle leads to two alternatives which he calls autonomy of the will and heteronomy of the will.

2.2.4.1 Autonomy of the Will

The focal point of Kant's moral philosophy is that the rational will is autonomous. For Kant, this is the key to justify the authority that the moral judgements have over us. In Kant's view, free will is not one which is unbound by laws rather it is bound by them which are one's own making. It

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[25] According to Kant, "*Will* is a kind of causality of living beings insofar as they are rational, and *freedom* would be that property of such causality that it can be efficient independently of alien causes *determining* it, just as *natural necessity* is the property of the causality of all nonrational beings to be determined to activity by the influence of alien causes" (GW 4:447).
[26] Hans Reiner, *Duty and Inclination: The fundamentals of morality discussed and refined with special regard to Kant and Schiller* (Lancaster: Martinus Nijhoff publications, 1983), 18.

means not lawlessness rather have laws over which one can have decisive authority. *Autonomy* is the nature of the will by which it is a law to itself. The principle of autonomy reads, "to choose only in such a way that the maxims of your choice are also included as universal law in the same volition" (GW 4:440). It is through this principle of autonomy Kant counters the human tendency to make exceptions for oneself due to personal inclinations. It offers the non-contingent character that the moral principles necessarily have.

Autonomy thus includes freedom which contains in it the idea of laws which are one's own making over which one has absolute authority. An individual is considered free when bound only by the decisions of his will and this will is internal and sets the concerned person free. Thus the individual's reason becomes both legislator and executer of the moral law. Kant was assertive in stating that will should necessary act on the authority of reason and not be moved by impulses. He writes, "Reason must regard itself as the author of its principles independently of alien influences; consequently, as practical reason or as the will of a rational being it must be regarded of itself as free, that is, the will of such a being cannot be a will of his own except under the idea of freedom, and such a will must in a practical respect thus be attributed to every rational being" (GW 4:448). Thus the autonomous will operates by responding to reason and it is free, for reason is physically or psychologically unaffected and functions unforced. And once the autonomous free will establishes this set of prescriptions then it is bound by these directives.

Kant connects autonomy with moral law and the autonomous will and moral will are the same. The will is autonomous when it is bound by the demands of the universal application of one's maxim. Only a good will can be moral and autonomous and vice versa. Everyone has the capability to ascend to this level where his will becomes a good will. It could well be the triumph of an individual where one perfectly submits oneself to the moral will and at the same time preserving its nature of universality. An autonomous person is at the same time both self-legislative and universally legislative[27]. Reath suggests that Kantian concept of autonomy is a sovereign principle and a legislative power. Autonomy is not a psychological aptitude or ability that motivates an individual rather the rational agent's power over himself. Thus autonomous beings are sovereign

[27]Chackalackal , *Unity of Knowing and Acting in Kant: A Paradigmatic Integration of the theoretical and the practical,* 265.

entities with immense capacity to legislate laws of their choice unrestrained by any exterior force. This approach to the autonomy principle evolves from a companion reading of the categorical imperative which is perceived as a legislative procedure[28].

In conclusion we can state that *autonomy* is a quality of the will and primarily a law to itself. It is one's maxim which becomes a universal law for all and in the case of autonomy the reason moves the will to act and it is free of reason itself. It is also not affected by the empirical factors and autonomy implies freedom and specifically the freedom of the will. It is in autonomy lies the very dignity of humanity where the autonomous being acts purely from duty. It motivates every rational agent to be a legislator of universal laws free of the non-moral motives we might possess. Autonomy assures that we confirm our behaviour to principles which is the essential quality of a moral-rational will.

2.2.4.2 Heteronomy of the Will

Autonomy of the will is the identity of an ethically righteous individual while its opposite the heteronomy represents an individual whose will is not free and confined to empirical factors. Kant's practical philosophy rigorously distinguished the heteronomy of happiness and the autonomy of freedom. He identifies heteronomy as pleasure principle while autonomy is the responsible behaviour of the *will* acting on reason.

His terminologies of *pathological pleasure* and *moral pleasure* make this distinction more explicit. Pleasure is pathological when one attains at least some measure of happiness out of an action and it is moral when one acts purely from obligation without considering its consequences. Happiness is not a consideration in moral pleasure as the individual is ought to fulfil his/her duty and for Kant any emphasis on happiness[29] would bring about a derailment of moral system. Kant warns us of such an impending danger when he writes; "If this distinction is not observed, if *eudaemonism* (the principle of happiness) is set up as the basic principle instead of *eleutheronomy* (the principle of

[28] Andrews Reath, *Agency and Autonomy in Kant's Moral Theory* (Oxford: Oxford University Press, 2006), 4.

[29] Kant holds that happiness cannot individually bring forth the highest good. In the First Critique he argues for a worthiness required of happiness. "Happiness taken by itself, is, for our reason, far from being the complete good. Reason does not approve happiness (however inclination may desire it) except in so far as it is united with worthiness to be happy, that is, with moral conduct" (CPR A 813/ B 841).

freedom of internal law giving), the result is the *euthanasia* (easy death) of all morals" (MM 6:378). This is the kind of distinction that Kant's practical philosophy brings to explicate the moral principle of duty.

Heteronomy of the will is thus the source of all unauthentic principles of morality. The heteronomous will does not directly give the law but always in consensus with the object that presents the law. Kant writes, "If the will seeks the law that is to determine it *anywhere else than* in the fitness of its maxims for its own giving of universal law – consequently if, in going beyond itself, it seeks this law in a property of any of its objects--*heteronomy* always results" (GW 4:441). Thus a heteronomous will acts out of obedience to rules of action which are legislated externally. It always submits itself to some other end acting in such a way to obtain pleasure seeking personal satisfaction. The moral obligations it recommends cannot be regarded as completely mandatory to any agent since the maxim of one's action comes from external sources.

In Kant's opinion most traditional normative moral theories (Utilitarian) are based on heteronomous moral principles and their legitimacy depends on personal interests rather than being imposed by reason. This leads to hypothetical imperatives but Kant's own on the contrary is the principle of autonomy which leads to the categorical imperative. A will is heteronomous if it follows the guidance of desire which is in opposition to reason and this relation of the will to its object can only bring about hypothetical imperatives and only autonomy of the will alone can bring about categorical imperatives. This discussion takes us to the famous Kantian theory of imperatives as hypothetical and Categorical.

2.2.5 *Imperatives* as Kant's Commands Steering Ethics

Human life constantly shuttles between competing interests and often we lack the clarity of definite moral actions. However, as rational agents we have the capacity to reason out and discern moral demands enforced by reason. For Kant these are *a priori* principles imposed by reason which can reset our priorities in the wake of competing options. He envisaged a moral dynamism which can set in motion the human choices in a precise and worthy way. He thought it possible to have an ultimate moral norm which can earnestly command human actions. In the preface to his work *Groundwork* he makes this explicit: "The present groundwork is, however, nothing more than the search for and establishment of the supreme principle of morality, which constitutes by itself a business that in its purpose is complete and to be kept apart from every other moral investigation" (GW 4:392). He defends that this ultimate norm of morality can obligate us unconditionally.

However, the human beings retain the freedom to align their *free will* in a way favourable to them. They can either opt for the objective laws of reason or move with the subjective interests. Paton captures it in *The Categorical Imperative*: "It is a plain fact that men do not always do what would necessarily be done by a rational agent if reason had full control over passion. This fact makes all the objective principles of practical reason, which are always principles of some kind of goodness, appear to us as principles of obligation, and so as commands or imperatives."[30]

The demands of reason whether subjective or objective are called *imperatives* leading to two diverse types. Kant expounds the nature of moral commands through his distinction of categorical and hypothetical imperatives. Kant explains this division as follows: "Now, all imperatives command either hypothetically or categorically. The former represent the practical necessity o f a possible action as a means to achieving something else that one wills (or that it is at least possible for one to will). The categorical imperative would be that which represented an action as objectively necessary of itself, without reference to another end" (GW 4:414).

In the Second *Critique* Kant again makes this distinction clear: "Imperatives, therefore, hold objectively and are quite distinct from maxims, which are subjective principles. But the former either determine the conditions of the causality of a rational being as an efficient cause merely with respect to the effect and its adequacy to it or they determine only the will, whether or not it is sufficient for the effect. The first would be hypothetical imperatives and would contain mere precepts of skill; the second, on the contrary, would be categorical and would alone be practical laws" (CPrR 5:20).

Hypothetical imperatives command an action as a means to attain certain purpose while the categorical imperative commands necessarily. For Kant the categorical imperative is neither

[30] H. J. Paton, *The Categorical Imperative,* 113.

conditional nor hypothetical rather completely binding regardless of one's desires. Thus Kant calls an objective principle made necessary by the will *Command*, and the formula of this command *imperative*. This imperative is something that one is obliged to do and which is expressed by *ought* (GW 413- 414). Thus it is *ought judgement* which oblige us to perform an action bringing rational constraints for we cannot morally avoid doing it. In the next couple of sections we explore these two diverse approaches of moral obligation.

2.2.5.1 Hypothetical Imperatives

There are several occasions and occurrences when one's actions may be conditioned by an end leading to hypothetical imperative. It is thus a moral command which is based on a personal motive or desire and so don't necessarily have a normative force in line with unconditional moral obligation. A hypothetical imperative is not universally valid and not something which is absolutely certain, but includes exceptions. Kant defines it as; "if the action would be good merely as a means to something else the imperative is *hypothetical"* (GW 4:414). In the case of a hypothetical imperative I have no assurance of what it contains until the condition is disclosed to me (GW 4:420). For Kant the hypothetical imperatives are subjected to certain relative ends (GW 4:428).

Kant further classifies the hypothetical imperatives as problematic and assertoric imperatives. When hypothetical imperative holds that an action is good for some possible purpose it is a problematically practical principle while if it is good for actual purpose it is an assertorically practical principle. Here one concerns about the attainment of an end irrespective of relation to a moral norm and that's why they are also called imperatives of skill (GW 4:415)[31]. Thus a hypothetical imperative which represents the practical necessity of a possible action as a means to something else is assertoric. An assertoric hypothetical imperative implies that an action is good for some actual aim. It considers the necessity of an action as a means of furthering happiness.

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[31] Paton clarifies the different terms that Kant introduces to distinguish between the variants in hypothetical imperatives. He observes: "Kant's terminology is not wholly satisfactory, and it is not unreasonable to say that he may have been unduly influenced by a supposed parallel with problematic, assertoric, and apodeictic judgements. Elsewhere he himself suggests that a problematic imperative is a contradiction in terms, and that the proper expression is 'technical imperative' or 'imperative of skill'". Ibid., 115.

These are also called prudential imperatives as they are not universally valid principles which make Kant to call them as counsels or advice and not laws (GW 4:415-416).

Paton makes a further clarification on this as he differentiates between command and Law. “The word 'command' serves to show that moral obligation does not depend on our inclinations and may even be opposed to them: there is no question here of cajolery or persuasion, The word 'law', it must be remembered, does not necessarily carry with it the idea of ‘command’; it expresses here, as Kant says, an unconditioned necessity (not necessitation) valid for every rational agent as such.”[32] Therefore prudential imperatives are only counsels or advices which we need not always abide by. Though we might consider the assertoric imperatives in particular situations but we must be willing to discard them when required. There is one imperative that necessitates purpose for human life is the categorical imperative.

2.2.5.2 The Categorical Imperative

For Kant the fundamental principle of morality is law of an autonomous will and the conception of reason which is the categorical imperative. This self-governing reason in its supreme norm of morality provides the decisive grounds to regard every other as deserving respect and worth. This is an unconditional command contrary to the hypothetical commands derived *a priori*. Kant in the *Groundwork* defines the categorical imperative as that, “which declares the action to be of itself objectively necessary without reference to some purpose, that is, even apart from any other end, holds as an apodictically practical principle” (GW 4:415). He reiterates it again: “finally, there is one imperative that, without being based upon and having as its condition any other purpose to be attained by certain conduct, commands this conduct immediately” (GW 4:416).

As an ultimate norm of morality the categorical imperative functions as the distinguishing principle between permissible and impermissible deeds. Kant writes: “By categorical imperatives certain actions are permitted or forbidden, that is, morally possible or impossible, while some of them or their opposites are morally necessary, that is, obligatory” (MM 6: 221). It is by this very principle

[32] Ibid., 116.

that certain actions are commanded to be done or forbidden (MM 6:223) and the ground of its possibility is freedom (MM 6:222): it is also the *highest good* (CPrR 5:134).

Thus the categorical imperative commands everyone to perform or refuse to perform an action. It demands an unconditional obedience and it is a law in its fullest description and objective. The moral law cannot depend on the ends that one holds in view for Kant the ends emerge from ones inclinations.[33] Thus the major feature of the categorical imperative is that it is an imperative with universal and intrinsic validity and it offers no room for circumstantial considerations, rather holds that actions must conform to an objective moral norm.

Though Kant asserts that the categorical imperative is one[34] and everyone is obliged to follow; he gives no less than three formulations[35] of the same. And the first formulation reads: "act only in accordance with that maxim through which you can at the same time will that it become a universal law" (GW 4:421). Its variant reads: "So act that you use humanity, whether in your own person or in the person of any other, always at the same time as an end, never merely as a means" (GW 4:429). The third form of the categorical imperative states: "So act that your will can regard itself at the same time as making universal law through its maxim" (GW 4:434). Kant offers these different formulations in order to expose the different aspects of the categorical imperative which he considers as essential for the metaphysics of morals. These different formulations should not divert us from focusing on the moral significance of the imperative rather it should explore its multiple implications.

[33] Reiner, *Duty and Inclination: The fundamentals of morality discussed and refined with special regard to Kant and Schiller*, 17-18. Kant had taken rather a hard approach towards inclinations. He writes; "Inclination is blind and servile, whether it is kindly or not; and when morality is in question, reason must not play the part of mere guardian to inclination but, disregarding it altogether, must attend solely to its own interest as pure practical reason (CPrR 5:118).

[34] We at times find Kant referring to *categorical imperatives* instead of taking it in its usual singular form. The intention here is to refer to non-optional imperatives which flow from the categorical imperative. It does not imply that Kant is using it to refer to these different formulations in their totality for the categorical imperative is just one. These are some examples of the plural form in Kant's writings: CSCT 8:285; MM 6: 221; MM 6:222; GW 4:425; GW 4:454; CPrR 5:41.

[35] There is difference of opinions among the Kant scholars regarding the number of formulations. Some of them say that Kant gives three formulations of the same imperative while Paton states that there are at least five different variants of the same. See H.J. Paton, *The Categorical Imperative*, 129.

Paton links these formulations and holds them as a harmonious unity which is a right approach to understand their full meaning. He states that each of these formulations have an important role to perform in the larger picture of the Kantian metaphysics of morals. Though they may appear disconnected from each other, it is on this that the principles of his moral philosophy will reside.[36] As this research progresses, we would be realising this fact better and these different formulations will run throughout the work. In our forthcoming chapters we will apply these formulations alongside other Kantian themes in business and trade and see the relevance and application of Kant for fair and moral business and trade practices.

[36] See Ibid., 130.

CHAPTER THREE

DEVELOPMENT OF BUSINESS ECONOMIC THOUGHT AND THE THEORIES AND ISSUES IN BUSINESS AND TRADE: A KANTIAN APPROACH

An outline of Kant's ethics in the last chapter has paved the way to analyse the development of business economic thought from a Kantian perspective that has been the back bone for the business and trade policies of the modern era. Economic thoughts of various economists are closely connected with business and trade practices providing the theoretical base. Economic theories can shape the approach of businesses and the way they manage labour, marketing and capital called Business Economics. The term Business Economics is often used synonymously with managerial economics though some thinkers see a substantial difference between both.[1]

The description given by Pareek leaves us with an acceptable definition for our consideration here. He conceives *Business Economics* as economics applied to identifying the problems, considering alternatives and decision making. Thus it serves as a link connecting economic theories with management of business and he prefers to call it as *Managerial Economics*. And his definition reads: "Managerial Economics is the integration of economic theory with business practice for the

[1] Ian Worthington, Chris Britton and Andy Rees, *Economics for Business: Blending Theory and Practice* (Essex: Pearson Education Ltd., 2005), 4. They also write that, "there is some dispute in academic circles as to what should be included in a course on business economics and to what extent, as an area of study, it differs from, say, managerial economics or industrial economics; we have no inclination to enter into this debate. To us, business economics is essentially about the firm or enterprise and in particular about the factors which help to influence its decisions concerning the acquisition of productive resources and the transformation of these resources into goods and services to satisfy human needs and wants: it is about the processes of production and consumption." Ibid.

purpose for facilitating decision making and forward planning by management of an organisation."[2]

Thus, by *Business Economics* or *Managerial Economics* we mean an applied economics that uses economic theories for studying various business enterprises. Therefore it becomes inevitable to make a brief study about the development of business economic thought at the very outset of this research which was prevalent or developed during the time of Kant. The thinkers we would discuss have made immense contributions for the development of economics touching a wide range of topics. And we do not intend to investigate into all the aspects of their theories rather only those aspects that are related to the ethics of business economics. And Kant's ethics would be deployed as a paradigm right through this analysis.

Besides, there are certain standard theories which are at work in business and trade such as utilitarianism and egoism which will also be explored from a Kantian perspective in this chapter. It also addresses some of the vital issues in business and trade such as advertising, profit maximisation, environmental concerns, e-business etc… and in all of these a Kantian standard is applied to assess the responsibilities of business and trade in view of these issues. Thus, this chapter will consider these preliminary points from a Kantian background before we go deeper into application and relevance of his ethics for business and trade in the forthcoming chapters.

3.1 Business Economic Thought in the Modern Period: Ethical Focus

The first section of this chapter focuses on the economic thought of the *Modern Period*[3] to study its impact on business and trade. Since this study is based on Kant's moral philosophy, I have chosen thinkers who are either his contemporaries or associated with him in their thought pattern. The economic philosophy of Hume had tremendous influence in shaping Kant's own, and Hume[4]

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[2] Saroj Pareek, *A Text Book of Business Economics* (Jaipur: Sunrise publishers & Distributers, 2009), 1.

[3] The history of western philosophy is split into different phases based on its development and Kant belongs to the cluster of modern western philosophers. Therefore the reference to *modern period* here implies the time of Kant and the economists we discuss belong to the same time therefore are also referred here as economists of the same period though there is no such explicit division in the history of the development of economic thought.

[4] Kant acknowledges Hume's influence on him in these words: "I openly confess my recollection of Hume was the very thing which many years ago first interrupted my dogmatic slumber and gave my investigations in the field of speculative philosophy a quite new direction" (PAFM 4:260).

in particular is remembered with great honour by Kant. Adam Smith, the father of economics is a contemporary of Kant whom he holds in high esteem and refers to him extensively in his ethical works is also inserted in this chapter to provide a solid literary support to the research. Malthus is another contemporary of Kant whose contributions in this field are very inspiring. He is also studied briefly in a unique way both from economic and philosophical perspectives. Thus, the thinkers we discuss here have a close proximity to the world of trade and business and at the same time they are also related to Kant as we would explore in this section. Though these are great economists whose contributions have influenced the economic policy-making since the modern period, we briefly take note of their business economic ideas from an ethical viewpoint.

3.1.1 The Classical Economic Views of Hume

Hume was a philosopher who showed tremendous interest for economics. His influence on Adam Smith's philosophy is so great that Haney observes that, "if he had written a systematic treatise in 1752, when his essays appeared, the *Wealth of Nations* in all probability would not have occupied the unique position it now holds."[5] This gives us a fair idea about the importance of Hume for the advancement of economic theory of the modern period. In his theory of economics, Hume advocates that everything in the world can be bought by labour. He treats money as mere representative of labour and commodities.[6] This is an important contribution to business economics from an ethical perspective.

When corporations target high profit to maximise their money power, Hume emphasises the merit in labour. This furthers the need to respect the employees and recognize their service and money is a weak substitute for labour. Money may motivate people for intensive labour but it cannot be swapped for labour. Thus Hume beautifully combines his economic theory with business ethics where he upholds the value of labour and labourer and rates it ahead of money. It is a fact that corporations in their search for quick money compromise with the basic principles that should govern society and human living.

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[5] Lewis H. Haney, *History of Economic Thought* (New York: The Macmillan Company, 1970), 209.

[6] Ibid., 210. Adam Smith in *The wealth of nations* supplements this view of Hume that money has only a partial or limited value. Explicating it he writes; "And though goods do not always draw money so readily as money draws goods, in the long run they draw it more necessarily than even it draws them. Goods can serve many other purposes besides purchasing money, but money can serve no other purpose besides purchasing goods. Money, therefore, necessarily runs after goods, but goods do not always or necessarily run after money." Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Vol.1, R.H. eds. Campbell and A.S. Skinner (Indianapolis: Oxford University Press, I979), 439.

Though for Hume and Kant money is of great importance, it has a limited significance and their thoughts have a great relevance as we reflect on the ethics of business and trade. Hume in his essay on *Of Interest* reminds money as having, “chiefly a fictitious value”[7]. Kant even goes a step further to assert that it has *no value in itself* means not even a fictitious value. In *The Metaphysics of Morals* he asserts that, “since it (money) is conceived as a universally accepted mere means of commerce, having no value in itself, as opposed to things which are goods” (MM 6:286-287). He also further clarifies it saying that money has only indirect value because we can neither enjoy it as such or make immediate use of it (MM 6:287). His *Lectures on Ethics* also affirms this view: “The reason for it lies, and its high value resides, in this, that its whole use consists essentially in mere alienation; that taken for itself, as money, it has no specific use or utility, but can be set in relation to all things alienable, and employed in every transaction, as a means there to” (LE 27:659). Thus we see that both Hume and Kant were of the same opinion when it comes to money and its worth. By devaluing money, they clearly valued the dignity of labour and the human person.

To the extent Hume weakened the value of money he elevated the merit of labour which is a way of recognizing and respecting the humanity in every person. In his essay *Of Commerce* Hume states that, “everything in the world is purchased by labour”[8] and not by money as most of us would think. And in the same essay he notes that, “trade and industry are really nothing but a stock of labour”[9] and not a stock of monetary investment as it is often referred. In *Of Interest* he says; “money, however plentiful, has no other effect, if fixed, than to raise the price of labour.”[10] In another essay titled *Of the Populousness of Ancient Nations* he asserts that, “Great interest of money, and great profits of trade, are an infallible indication, that industry and commerce are but in their infancy.”[11] Thus, Hume not just undervalues money but also emphasizes that trade, commerce and industry would possess any recognizable worth only if labour is given its due place.

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[7] David Hume, *Selected Essays*, eds. Stephen Copley and Andrew Edgar (New York: Oxford University Press inc., 1998), 179.

[8] Ibid., 160.
[9] Ibid., 162.
[10] Ibid., 178.
[11] Ibid., 248.

Kant supplements Hume's idea of labour in his own inimitable way by stressing its ethical dimension. Though Hume had in a big way set aside money favouring labour, Kant hit the right note by viewing it from an ethical perspective. Hume in a way meant that the employee is important to the industry because of his capacity to work and toil which makes him essential to the industry even ahead of money. Kant endorses Hume's stand but complements Hume's stress on labour by emphasising the human person in his totality. Kant writes: "If a man has done much, he is more contented after his labours than if he had done nothing whatever; for by work he has set his powers in motion, and so is that much better aware of them" (LE 27:383). Kant sees labour as a medium to bring one's potentialities into an actual state. Thus he adds emphasis to the entire human person as a whole and his capacity to labour is just an aspect. Kant's passion for morality takes upper hand when he writes that, "No more than honesty, if a person lacks it, can be replaced by his having money, or than an ugly person acquires beauty if he possesses ample funds, can pragmatic motives be inserted into the series of moral motives and compared with them" (LE 27:259).

For Kant every person is primarily a moral being whose labour is more significant than monetary requirements for an industry. His integrity is primordial which cannot be replaced by having money and this applies to the business as well. If a business backtracks on its commitment to honesty, whatever its success be, it loses its credibility. The argument that Kant stressed the ethical dimension of labour does not imply that Hume ever undervalued it for he writes; "Morality is a subject that interests us above all others: We fancy the peace of society to be at stake in every decision concerning it; and 'tis evident, that this concern must make our speculations appear more real and solid, than where the subject is, in a great measure, indifferent to us."[12]

Hume by emphasising labour and undervaluing money makes a significant contribution for the development of business economics. His theory of labour is of tremendous significance to business economics which with its ethical bend is a right approach to business and trade. His theory of labour coupled with his inspiring thoughts on ethics would be a perfect blend for a human centred business ethics. Though Hume may not have devised a strict anthropocentric ethical structure

[12] David Hume, *Moral Philosophy*, ed. Geoffrey Sayre-McCord (Indianapolis: Hackett Publishing Company, Inc. 2006), 67.

parallel to Kant, but interpretation of his economic theories alongside his ethical insights reveals its relevance for genuine business and trade.

3.1.2 Adam Smith and Development of Business Economic Thought

As a significant figure of the Scottish enlightenment Adam Smith systemised his economics in his popular work *The Wealth of Nations*. It was not just his economic thoughts and theories that he is admired today but also for his explicit moral doctrines articulated in *The theory of moral sentiments*. He is to be remembered alongside Hume for the substantial contribution beyond economics envisioning a moral world where self-interests do not sustain a long way. Heilbroner commenting on this reflects that if one tries to act purely on self-interest in his trade, he will soon find that his competitors running away with his trade possibilities. If he overcharges he will run short of buyers and if he does not pay well he would be left without employees as well. And he concludes stating, "thus very much as in the *Theory of moral Sentiments*, the selfish motives of men are transmuted by interaction to yield the most unexpected of results: social harmony."[13] This is an important point in our discussion where economic interests intersect social benefits and economic theories yield to ethical demands in business. Thus we witness interfacing of economics and moral philosophy in Adam Smith and he always perceived that capitalism cannot thrive unless it is bundled with ethical principles.

Smith blends with some amount of assurance both ethics and economics. His *The Wealth of Nations* had integrated the moral structure which was outlined in *The Theory of Moral Sentiments*. He looked beyond economic logistics in a spirit of commitment to justice which is essential to a harmonious society. He viewed in line with Hume that value is a product of labour and continued to operate under the labour theory of value. Adam Smith begins the Book I of *The Wealth of Nations* emphasising the role of labour though in a systematic way than Hume. He writes; "The greatest 'improvement' in the productive powers of labour, and the greater part of the skill, dexterity, and judgment with which it is anywhere directed, or applied, seem to have been the effects of the division of labour."[14]

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[13] Robert L. Heilbroner, *The Worldly Philosophers* (New York: Simon and Schuster, 1972), 54.

[14] Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 13.

He realized that the capacity to labour has to be properly carried out in order to bring the best out of every person. He found that a better approach towards labour would make human labour effective. This is not merely for the sake of efficiency but also to ensure that human potentialities are put to best use. Therefore he writes, "The division of labour, however, so far as it can be introduced, occasions, in every art, a proportionable increase of the productive powers of labour."[15]

Smith, though seen as the founder of free market economics who encouraged industrialisation had also a soft corner for the poor. In fact the very reward of one's labour is the increase in industry of common people that betters the living condition of the labourers animating them to exert their strength to its best.[16] Thus it is not mindless industrialization that he was advocating rather a step that he thought would enhance human living. He writes; "No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, clothe and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed and lodged."[17] Barzilai comments on the commercial culture and the economic totality that Smith is blamed of having invented:

> He did believe that a free market economy, supplemented by appropriate political and social institutions and policies, was modernity's best hope for general well-being. He was committed to reducing human poverty and misery and promoting human equality, and had great faith in the trajectory of history in this sense, leaving him justly susceptible to charges of woeful short-sightedness, well intentioned as it may have been. But he also elaborated the dangers of commercial culture in detail and intensity matched only by Karl Marx himself.[18]

He did not intend a modernity that would lead to capitalism rather in which labour is recognized where the poor get a fair share of the outcome of the industrial growth. Smith thus presents an

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15 Ibid., 15.
16 Ibid., 99.
17 Ibid., 96.

18 Fonna Forman-Barzilai, *Adam Smith and the Circles of Sympathy* (New York: Cambridge University Press, 2009), 33.

economics where the free markets and the division of labour that he discusses goes beyond wealth and affluence instituting justice and freedom specially for the poor as we have seen above.

Thus, Smith explores the wellsprings of human happiness where there is economic prosperity and also a dignified human existence in freedom and equality. Smith considered the wealth of a nation as the capacity of its ordinary citizens to command goods in order to satisfy their wants meaning not only the total wealth of a nation but also its subsequent distribution. He laments: "On account of the more unequal distribution of riches, there is much more poverty and beggary in the one country, than in the other."[19] He therefore envisages not just economic growth rather distribution of it as well so that no one is denied of a respectful existence. Justice was thus central to Smith's critique of modernity which is best expressed in his *The Theory of Moral Sentiments*. He writes; "Justice, on the contrary, is the main pillar that upholds the whole edifice. If it is removed, the great, the immense fabric of human society, that fabric which to raise and support seems in this world, if I may say so, to have been the peculiar and darling care of Nature, must in a moment crumble into atoms."[20]

Liberty of human person and nations was yet another preoccupation of Adam Smith whose economics comprises freedom from constrains and domination. In *The Wealth of Nations* he wrote that, "Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men."[21] Even amidst his deep desires for justice and care for the poor he upheld the freedom of every human being to pursue his ends which also exhibits one's freedom of moral autonomy.

He also carefully analysed individuals and institutions which act merely out of self-interest with no care for the society at large.[22] Thus, smith's economic analysis offered freedom for every person

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[19] Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 496.

[20] Adam Smith, *The Theory of Moral Sentiments,* ed. Knud Haakonssen (Cambridge: Cambridge University Press, 2004), 101.

[21] Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 914.

[22] Gavin Kennedy, *Adam Smith: A Moral Philosopher and His Political Economy* (New York: Palgrave Macmillan, 2008), 163.

to persevere his own personal ends with a deep humanistic ethical standpoint. On the one hand he responsibly outlined an economic system of industrialization and development behaving as a true friend of commerce while critiquing the drawbacks of a mercantile system. His economic theory strikes a perfect balance as it acknowledges the tremendous capacity of commerce for modernization while caring for the powerless of the society.

Thus, Adam Smith's approach to society can be seen as a perfect model for devising an ethical code for business and trade today. In a scenario where the corporations are involved in reckless competition, Smith's theory offers a perfect model to be adopted. Smith has proved that economic development does not mean denial of justice and freedom to the common man rather their coexistence is possible. For him the thought of poor and powerless was always at forefront which definitely should be the guiding principle of modern day CSR. In *The Theory of Moral Sentiments* he wrote; "This disposition to admire, and almost to worship, the rich and the powerful, and to despise, or, at least, to neglect persons of poor and mean condition, though necessary both to establish and to maintain the distinction of ranks and the order of society, is, at the same time, the great and most universal cause of the corruption of our moral sentiments."[23] Thus his economic theory is also immensely ethical which is relevant to the MNCs and other corporations to remain committed in their duty to promote social welfare transcending self-interest and profit motive.

Having lived at a time when Kant was making great strides in his philosophical pursuit, Adam Smith is likely to have been familiar with Kant's moral philosophy though explicit references to each other may be limited. Kant uses the definition of Adam Smith in his attempt to define money in *The Metaphysics of Morals* (MM 6:289). Though no such direct references are traceable in the

[23] Smith, *The Theory of Moral Sentiments*, 72

writings of Adam Smith, there are several allusions which reveal the closeness of their thought mainly on the importance of *duty*[24] and discussions on *benevolence*[25].

The analysis of their similarities and differences may not be of any definite benefit to our discussion rather linking their ideas together would be of utmost importance for promoting genuine trade and business. Though Kant may not have embraced self-interest in any form, Smith thought that it is on this very principle that our economy functions for he writes: "The habits of economy, industry, discretion, attention, and application of thought, are generally supposed to be cultivated from self-interested motives, and at the same time are apprehended to be very praise-worthy qualities, which deserve the esteem and approbation of everybody."[26]

However these differences are not strict contradictories but intersect each other in a unique way. For Kant the principle of duty mandates that we have certain indirect duties as well towards others for a harmonious existence of society. Similarly Smith also calls for a sympathetic approach towards ones fellow beings in a spirit of duty and benevolence so that the society prospers. Thus, Smith's economic theory applied to business in a spirit of faithfulness to Kantian ethics steered by the autonomous moral law is the perfect podium for a philanthropic society of justice, freedom and equity where humanity may thrive in its pursuit for harmony.

3.1.3 Business Economic Trends in Malthus' Theory

Malthus, a contemporary of Smith and Kant is widely known for his controversial theories on population and its increase or decrease on account of certain other factors. He proposed the theory

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[24] *Duty* is central to Kant's deontological theory which is predominantly present in Smith's works particularly in *The Theory of Moral Sentiments* with almost the same kind of force which Kant gives to it. Let me cite a couple of examples: Smith writes; "He will never, indeed, avoid blame by doing anything which he judges blame-worthy; by omitting any part of his duty, or by neglecting any opportunity of doing anything which he judges to be really and greatly praise-worthy." Smith, *The Theory of Moral Sentiments*, 148-149. "The motive of his actions may be no other than a reverence for the established rule of duty, a serious and earnest desire of acting, in every respect, according to the law of gratitude." Ibid., 188.

[25] *Benevolence* is treated as a duty by Kant and it appears in several of his works on ethics. He writes; "benevolence from basic principles (not from instinct) have an inner worth" (GW 4:435) and "For benevolence always remains a duty" (MM 6:402). In the works of Smith too we have a number of examples where benevolence is repeatedly presented as a significant ethical principle such as: "No benevolent man ever lost altogether the fruits of his benevolence." Smith, *The Theory of Moral Sentiment*, 265. And "When they are directed by justice and benevolence, they are not only great virtues, but increase the splendour of those other virtues." Ibid., 284.

[26] Ibid., 359.

that population growth would impede the progress of the world. He famously wrote in the *An Essay on the Principle of Population* that, "the power of population is indefinitely greater than the power in the earth to produce subsistence for man."[27] He viewed sceptically at population growth perceiving it as a potential threat for development and human sustenance. He visualised a scenario of the world where throughout history a segment of every human population is headed towards poverty. He wrote that, "Population, when unchecked, increases in a geometrical ratio. Subsistence increases only in an arithmetical ratio. A slight acquaintance with numbers will show the immensity of the first power in comparison of the second."[28]

By this he meant to put pressure on the living standard of people because human beings were produced at a faster pace than subsistence. He viewed population as limited by the means of subsistence. This would lead to decline of average per capita income below the minimum-of-subsistence level.[29] He further substantiated this by arguing that under every kind of social system the human population will outgrow the availability of land.[30] This means that when added labour is applied to a fixed amount of land which though leads to increased output, but is not proportionate to the labour force used. The increase of output is at a decreasing rate because of law of diminishing returns.

With this theory as basis, he argued that there would be a perpetual war between human reproduction and the production of food. This war will ultimately cause intense distress to the lower class of the society. He writes, "The constant effort towards population, which is found to act even in the most vicious societies, increases the number of people before the means of subsistence are increased. The food therefore which before supported seven millions must now be divided among seven millions and a half or eight millions. The poor consequently must live much worse, and many of them be reduced to severe distress."[31]

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[27] Thomas Malthus, *An Essay on the Principle of Population* (London: Electronic Scholarly Publishing Project, 1998), 4.
[28] Ibid.
[29] Steven G. Medema and Warren J. Samuels eds., *The History of Economic Thought: A Reader* (London: Rutledge, 2003), 193-194.

[30] Overton H. Taylor, *A History of Economic Thought*, (New York: 1960), 153.
[31] Malthus, *An Essay on the Principle of Population* 9.

Malthus having been a witness to inhuman and most testing situations in every system and society over a period of time thought that cataclysms such as plagues and war alone may provide some respite in overcoming the resource limitations. He writes:

> The power of population is so superior to the power in the earth to produce subsistence for man, that premature death must in some shape or other visit the human race. The vices of mankind are active and able ministers of depopulation. They are the precursors in the great army of destruction; and often finish the dreadful work themselves. But should they fail in this war of extermination, sickly seasons, epidemics, pestilence, and plague, advance in terrific array, and sweep off their thousands and ten thousands. Should success be still incomplete, gigantic inevitable famine stalks in the rear, and with one mighty blow levels the population with the food of the world.[32]

But, some may see it as uncharacteristic of a serious thinker to depend on natural disasters for solutions to pressing issues as this. He certainly underestimated the capacity of human mind to arrive at alternatives for agricultural growth. He perhaps did not think that technology would progress the way it has since his time. He also had not anticipated the global trade opportunities whereby the international community would be supported by each other. Countries which are not thickly populated would supply to the needs of highly populated countries aided by the technological advancements in the methods of production.

Though history may have proved Malthus incorrect, his theory sends several warning signs to trade and business and society at large. The theory of population has posed a great challenge to the study ethics of business and trade. Though we may have substantially countered the threat of insufficient production for the growing population, we are still not free from the factors that Malthus warned about. There are countries which produce more than they need but trade laws and sanctions make it impossible to avail for the poor nations. If we do not pay attention to it even before plagues and wars, as Malthus suggested, we would be consumed by the animosity between nations. For instance, Association for South Asian Regional Co-operation (SARRC) in the annual meeting held

[32] Ibid., 44.

at Colombo in 1998 decided that better tariff concessions to be provided for products which are actively traded or likely to be traded between the member-nations.[33]

This clearly spells out the ethical approach that we need to adopt if we need to benefit fully from the technological advancements towards a common subsistence of the entire world. As Kant would assert it is the spirit of goodwill which is essential and which alone is the good without limitation (GW 4:393) is what instils the spirit of mutual care in business and trade.

Malthusian theory is a clear warning against the materialistic tendencies of the business firms. In their production process the firms need to place the interest of the community along with their business interests and whenever necessary the poor need to be considered. Thus there is a need to transcend self-interest which alone can pool the sources together and provide for a better world. Malthus warned us about insufficient production of goods but today supply is often held back to create artificial shortage of goods on account of which people are pressed to distress.

The situation of today is no different from what has been stated by Malthus but for a different reason. Though there are surplus products, artificial scarcity is often introduced where producers either destroy products or withdraw them from the market resulting in waste of goods while people go hungry. Malthus' theory makes a strong ethical note by informing about the dangers of such actions because low supply is a threat to the humanity since population grows in a geometrical ratio. Inducing scarcity by manufactures is unethical as producers have a responsibility to look beyond profit to support the poor and needy or at least restrain from furtherance of harm through unethical practices like stockpiling in view of making artificial scarcity.

Though Malthus did not anticipate the development of technology that can feed a fast growing population, his caution also invites us to deploy our technology in a constructive manner for reduction of poverty and distress of common man. Industries should work with a sense of purpose for the alleviation of poverty. This is the ethical demand that Malthusian theory places on every business today. Malthus had his kind words for the poor when he wrote that, "The labouring poor,

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[33] Sharan, *International Business*, 180.

to use a vulgar expression, seem always to live from hand to mouth. Their present wants employ their whole attention, and they seldom think of the future."[34]

By the phrase *labouring poor*, he also appeals to the employers of the workers in the industries and business to have a responsibility for their economic empowerment. Kant too acknowledges it as he states that our disinterested feelings are meant for our own perfection (LE 27:3) and so "he who performs no kindly actions, but has also never offended against the rights of others, can always be a righteous man, and if everyone were like him, there would be no poverty" (LE 27:433). Therefore it is our duty not to amass for in doing so we encroach into other's right. It is through our faithfulness to our duty we respect other's right to decent living. Business and trade therefore need to make it their priority not to involve in practices which are unethical and unhealthy not merely for the alleviation of poverty but also for the coexistence of humanity.

3.2 Business Theories in Practice

Every business enterprise works on the basis of an inherent theory which may be healthy to the human society at large or works purely for its own benefits. Though no business can sidestep profit motive, a sense of social responsibility should be the underlying aim of every business. Based on the interests of the business concern, we have a variety of theories at work in different business units. This leads to multiplicity of theories as there are conflicting interests and approaches. Business ethics as a field of study concerns the business practitioner and his theoretical preference of one over the other. Professor Bernard Williams states that, "we are heirs to a rich and complex ethical tradition, in which a variety of different moral principles and ethical considerations intertwine and sometimes compete."[35]

In this session, we attempt to study the conflicting theories which form the basis for different business practices today. There are diverse ethical perspectives and rival ethical policies which are adopted by different business enterprises. We contrast them from each other and apply the ethical code of Immanuel Kant as a paradigm to assess the social benevolence of these theories and issues.

[34] Malthus, *An Essay on the Principle of Population*, 27.
[35] Sharan, *International Business*, 55.

3.2.1 Utilitarianism as the customary Ethical Approach in Business

Utilitarianism[36] is one of the prominent ethical theories which provide the theoretical base for the business and trade practices today. It is defined as, "the view that an action or practice is right if it leads to greatest possible balance of good consequences and that the concepts of duty and right are subordinated to or determined by that which is good."[37] It is also taken as a moral theory which states that our actions should provide maximum good[38] to all those affected by the action.

And, a business is undertaken so as to get the maximum benefit for all those involved in it, and no one involves in business, if they do not foresee a favourable result. They aim at maximisation of production from minimum resources, which may lead to the maximisation of profit. Thus, the Utilitarian aims at work efficiency which is only an instrumental good for the purpose of the increase of profit. Today, a vast majority of the business enterprises aim at a profitable business. Profit being the consequence of the business, this approach leads to consequentialism where the results determine the moral worth of an action. Morland observes that the, "notion of 'utility' or usefulness is central in the utilitarian approach to morality. The willingness of utilitarians to embrace 'whatever works best' generally serves them well in the business environment. Most

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[36] Though Utilitarianism has a long history, it found its best proponents in David Hume (1711-1776), Jeremy Bentham(1748-1832) and John Stuart Mill(1806-1873), who had great concern for legal and social reforms. There is no one opinion among the utilitarians which defines their theory consistently. Bentham understands good to be that which gives pleasure and increasing happiness. However, Mill and others have argued that there are other values besides pleasure such as friendship, knowledge, courage etc... which also possesses intrinsic worth and therefore need to be considered good. See Tom L. Beauchamp and Norman E. Bowie, eds., *Ethical Theory and Business* (New Jersey: Prentice-Hall, Inc., 1979) 4. With this kind of qualification, Mill is clearly pushing the boundaries of the idea of pleasure to accommodate superior qualities such as knowledge, freedom, friendship, and love. He clearly is sliding away from utilitarian principles for defining happiness. It is no exaggeration to say that his litmus test for happiness has not much to do with actual pleasure and appears to be values of a higher level.

[37] Ibid., 3. It is important to note here that utilitarianism is a loose doctrine which does not subscribe to any one holistic definition. Even the description made by JS Mill and Bentham differ and the way pleasure and happiness are described by different thinkers also differ both in content and approach. However, over the years moral philosophers have attempted to zero down the utilitarian theories to two major groupings as act and rule utilitarians. "An act utilitarian argues that in all situations one ought to perform the act which leads to the greatest good to the greatest number... [he] would not hesitate to violate such rules if he or she thought that in the circumstances such a violation would actually lead to the greatest good for the greatest number." And the, "rule utilitarianism, on the other hand, is the theory that ethical actions and judgements should confirm to firm and publically advocated moral rules." Ibid., 6-7. Thus, it is too vague a concept with varying versions and a range of differences between them.

[38] In Utilitarianism, the term *good* is taken to be happiness or Pleasure. Ibid., 59. This is certainly not in tune with the Kantian understanding of *good*. Kant in the Second *Critique* defines the term good as, "a necessary object of the faculty of desire... in accordance with a principle of reason" (CPrR 5:58). Thus, this distinction between the definitions of the term *good* would give us a fair idea about the contrasts between the deontological theory of Kant and Utilitarianism.

business practitioners are already familiar and comfortable with the kind of cost–benefit analysis that utilitarians employ in their moral reasoning."[39]

Therefore, in Utilitarianism, the *ends justify the means*, where the moral strength of the actions is judged by results without taking into account of other factors. This goes against the very foundation of the deontological theory proposed by Kant. For him, the end results were not important in determining if an act was just. The motive of the action takes the upper hand in judging the morality of an action. A morally good action cannot depend on the result of an action or the result it aims to produce. Kant is categorical to assert that, "thus the moral worth of an action does not lie in the effect expected from it and so too does not lie in any principle of action that needs to borrow its motive from this expected effect" (GW 4:401). Kant would go purely on the merit of one's will rather than the result of the actions. In the *Groundwork* Kant writes, "It is impossible to think of anything at all in the world, or indeed even beyond it, that could be considered good without limitation except goodwill"(GW 4:393). Morland articulates the disastrous outcome of this utilitarian principle when applied to business or trade:

> The belief that ends can justify means often serves to rationalize unethical behaviour. Misrepresentation in financial reporting is a good example. Executives convince themselves and their colleagues that they are protecting the broader interest of employees and shareholders when they manipulate financial statements to create a false impression about an organization's financial prospects. They argue that, as long as they later reconcile the reality of their organization's assets with the promises in their public representations, no one needs to get hurt. With such nimble argumentative footwork, lying becomes acceptable, even good, but certainly not 'wrong.'[40]

Thus, the results do not confirm that the actions were right and utilitarianism is an example of such a theory, which does not take into account the motives behind one's actions. Looking from Kant's perspective, this theory does not necessarily produce happiness as it claims. It is interesting to note here, that this theory fails to function as a universal principle of happiness. In favoring the

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[39] Morland, *Business Ethics as Practice*, 52.
[40] Ibid., 53-54.

happiness of the ‘maximum’, it conveniently leaves out others whose happiness is also of significant importance for the ethical co-existence of people. This theory provides no safeguards for minorities and if enough people are made happy, can we seek the suffering and death of minorities? The chronicles of history reveals that persecution, genocide and slavery were justified on such principles.

Though Bentham attempted to give us a calculus in order to measure a pleasure if it was worth cultivating, we are not assured that it works the way he intends and lead to drastic social change. Again, this sort of calculus morality may not confirm to personal value based morality that we associate with goodness in people.[41] It may also be said that pleasure is not mathematical and even its rational base is contentious. The criteria implied in Bentham’s calculus cannot be applied to arrive at anything near to mathematical precision because pleasure is too subjective and contingent. And the rational status of pleasure is yet another reason that makes one to question the workability of Bentham’s calculus.

Therefore, the deontological theory of Kant scores well over the Utilitarianism in this regard that, it gives due value for every human being without introducing the distinction of maximum or minimum rather safeguarding the interests of *all*. The similitude of Kantian moral theory and Utilitarianism lie only to the point that they both try to explain that we can act ethically in a given situation within a structure of an ethical moral code. The major difference lies in the yardstick they apply for measuring morality and the application of rules. Kant’s theory is all-pervasive while the Utilitarian theories can be said to be discriminatory, as it pertains to the selected group of ‘maximum’. The theories of Mill, Bentham and others give a certain edge to the corporate society. In the pretext of ‘maximum’ they would support those who have the purchasing power leading to exploitation of the weaker section of the society. Here, the term ‘maximum’ implies qualified maximum which does not refer to the maximum number of people in the society rather the maximum people who would fit into their scheme of things.

These theories do not encourage the corporations to consider the interests of everyone in the society, and goods are produced not according to the needs of the society, rather needs are created

[41] Harrison, *An introduction to business and management ethics*, 81.

to suit their production. In this case, the worth of an action is measured from the external benefit of profit alone. There is nothing within the person which guides towards genuine performance of one's action. When theories are wrong, then even the wrong actions automatically get justified, and this is true in the case of utilitarianism. On the contrary, in the case of Kant's deontological theory, the universal nature of the maxim impels one to act responsibly aiming for a common good with no distinction.

Another advantage Kant scores over the utilitarianism is that his theory is well defined and easily applicable to all situations, whereas, the utilitarian theory has too many variants and can be tampered with, so as to suit one's plan. Though, Kant's theory appears to be the stringent, providing no exceptions and often criticised for being so, I would consider it to be its greatest merit and for that reason, a relevant theory even today. Let us consider a case where someone is suffering from an incurable sickness. The prolongation of his life is possible with the spending of a considerable amount of money, but one thinks that the same money could be used for the education of a thousand poor children. A utilitarian would think it appropriate to do so, as it provides maximum happiness for a greater number of people. But, it does not value the life of an ailing human being and his right for medical assistance.

Thus, it can be morally blind and act immorally targeting just maximum happiness. Richard Brandt substantiates my view with an example. He writes, "Act-utilitarianism… implies that if you have employed a boy to mow your lawn and he has finished the job and asks for his pay, you should pay him what you promised only if you cannot find a better use for your money."[42] This reveals the serious flaw in the utilitarian theories and is certainly a threat for the world order promoting an egoistic world. Kant's theory on the other hand is human centred and invites everyone to act in a value based manner, where one would act for the sake of duty, directed by the universal maxim.

3.2.2 Egoistic Pleasure as the Ethos at Work in Business

As utilitarianism, so also egoism is complicated with different titles and a multiplicity of descriptions. However, they do subscribe to a common ideology of being concerned about oneself.

[42]Richard Brandt, "Toward a credible form of utilitarianism", in *Morality and the language of Conduct,* 109.

It correlates morality with self-interest[43] and asserts that an act can be considered morally right if it promotes the interests of the individual.[44] For Harrison egoism implies, "the decision maker acting entirely out of self-interest in optimising the personal consequences of actions."[45]

There are two types of egoism are generally referred in discussions on business ethics namely; Psychological egoism and Moral egoism, though some would argue that these are merely two aspects and not two types. The psychological egoism states that, "everyone is always motivated to act in his or her own perceived self-interest."[46] In its crudest sense psychological egoism will argue that we do not act at all on altruistic tendencies. Even someone like Mother Teresa of Calcutta, whom we consider as embodiment of selflessness, acts not for the sake of the other rather these generous actions make her to feel better.[47] It means to assert that we generally act based on our self-interest, and if ever we happen to help others, it is a response to gain some advantage from such a gesture.

Thus, it does not rule out the possibility of human beings reaching out to others, but generosity springs from one's need for gaining some personal benefit. The psychological egoism means that a teacher educates a child, because it gives the satisfaction of being a teacher, or someone loves the other only because of the desire of being loved. Thus, even in the most generous of gestures, there is an element of self-interest.

The ethical egoism states that, "one ought always to act on the basis of one's own best interest."[48] The ethical egoists try to give meaning to the common man's thinking that the human beings are

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[43] What do we mean my *self-interest*? Can we probe into it to measure or quantify so as to arrive at some clarity over it? What are the criteria of self-interest and its theoretical base? The problem with self-interest is similar to the one faced by the utilitarians who also have no clear explanation for their theory of *hedonistic calculus*. See Harrison, *An introduction to business and management ethics*, 68-69.

[44] Shaw and Barry, *Moral Issues in Business*, 56. In this context, individual can mean also the entire business unit, and not just the worker or consumer; the entire firm in its totality.

[45] Harrison, *An introduction to business and management ethics*, 64.

[46] Beauchamp and Bowie, eds., *Ethical Theory and Business*, 8. In the *Metaphysics of Morals*, Kant calls selfishness as the basis of greed, which expresses his displeasure for any tendencies of egoism in one's life. Therefore, Kant would not endorse egoism in any form either in business transactions or in the pattern of one's living (MM 6:434).

[47] Lawrence M. Hinman, *Ethics A Pluralistic Approach to Moral Theory* (Belmont: Thomson Wadsworth 2008), 101.

[48] Beauchamp, and Bowie, eds. *Ethical Theory and Business*, 10.

naturally oriented towards the promotion of their personal interests. Psychological egoism states that all our actions arise from one's personal motivations and so there cannot be truly genuine actions. An ethical egoist on the other hand would consider the interests of other people, only if it promotes one's self-interest. The difference is that in the case of psychological egoism an individual acts from the emotions and egoistic motivations, while in the second case, one pursues one's own moral satisfaction.

Egoism does not say that we should not help others rather it states that we have no moral duty to be generous or charitable. For instance, companies like Ford, Coca-Cola and others would collaborate with the social and economic reforms of South Africa only if it benefits them, because, they believe that they have no obligations towards the country or its people.[49] It is a common trend today to witness such self-seeking approaches to business, which is a threat to the social nature of the human living. They might even call a mother who feeds her child to be egoistic because it gives her satisfaction of nurturing her child, and this is certainly an unacceptable position.

However, the position that we have no moral duty towards others is certainly against all ethos of any humanitarian society which, also goes against the core principles of Kant's moral philosophy. For Kant, a morally good action must be willed for the sake of duty because the teachings of morality command everyone. In the *Metaphysics of Morals* Kant writes, "they command for everyone without taking account of his inclinations, merely because and in so far as he is free and has practical reason"(MM 6:216). Business, which is an integral part of the human society, cannot run on principles of self-interest, and a strict sense of duty alone can keep it moving towards an egalitarian society as envisaged by Kant. In his *Groundwork*, Kant reaffirms it again by stating that it is not pleasure but reason that gives meaning to one's duty. It is the common human reason in its practical sphere which impels one to action and an individual cannot be motivated by anything other than it (GW 4:405).

Therefore, Kant's approach to the corporate world would be one which promotes a sense of duty in people and those in business should devise a norm for themselves out of sheer obligation based on a common maxim. And, acting out of inclination or self-interest of any form is absolutely

[49] Ibid., 57.

unacceptable. Self-interest, if permitted would give birth to conflicting value systems in the society where fundamental objective principles such as Kantian deontological theory would be brutally overthrown. A genuine human society cannot be built on frail and scattered individual ideologies rather on rock-solid universal principles. Psychological egoism is a negative approach, where one attributes tendencies of self-interest to human actions, while Kant's theory is affirmative as it calls for a positive action free of self-interest.

If egoism were to be the acceptable norm, its consequences in business would be devastating. In a business scenario, every decision made would affect not just the individual but a range of other people. And if the decision is purely an egoistic one then it would leave a telling impact not just on the person who makes the decision but on the entire business as a whole. And if everyone follows this and act on self-interests there would be too many conflicts of interests where everyone will promote only his or her personal interests crossing into one another's boundaries.

Harrison anticipates it when he writes, "Therefore we must assume that everyone else follows their own self-interest, but this must be potentially damaging for our own individual interests. To assume otherwise would be hopelessly idealistic in general, and specifically illogical in a business world where we are competing in the use of resources. Therefore we are following a rule which if consistently applied encourages others to act against our interests, which is inconsistent with our wish to maximise our self-interest. Hence this simple form of egoism is self-defeating and therefore inconsistent."[50]

Thus, we have seen how the consequentialist theories can be fatal for promoting a world centred on shared-ideals. Though these theories are ineffective for a fair treatment of everyone in the society nevertheless they cannot be side-lined since they are next-door theories witnessed in business. They may not have a sound philosophical base or even considered illogical but they are inevitable for most businesses because profit is the concern for them. Utilitarianism in the pretext of objectivity grounded in quantification attempts to substantiate its theory of consequences. It tries to translate everything into units of utility including human life. They fail to see that human

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[50] Harrison, *An introduction to business and management ethics*, 66.

life cannot be decided on numbers as Kant commendably argued: “every human being has a legitimate claim to respect from his fellow human beings and is *in turn* bound to respect every other” (MM 6:462). Human life is not an amalgamation of utility-units rather a moral entity with capacities to act on maxims. Thus human persons cannot be placed on utilitarian scales with price tags rather stand out priceless. Kantian ethics with the emphasis on acting purely for the sake of duty gives moral worth to every person.

3.2.3 Two Diverse Ethical Approaches: Relativism and Absolutism

Historically two diverse methods have been tested in ethical reflections by ethicists namely; relativism and absolutism[51]. It is possible that most of us act on any one of these standard approaches when it comes taking an ethical stand. Ethical relativism might appear attractive because of its promises of tolerance and understanding though it is debatable if it remains faithful to the promises.[52] Relativism offers a lot of flexibility which makes it to be alluring to adopt as individual or collective policy of life. It does not confine people to strict set of norms which permits experiments and try-outs in taking moral decisions.

In its extreme form relativism may also mean that even human knowledge and our understanding have a relative significance. This position would even argue that the truth in natural sciences is also subjected to the cultural framework of the place of its practice. If we take science and magic as examples to explain ethical relativism, they would argue that we cannot claim that science is right and magic is wrong rather each one’s rightness or wrongness is conditioned by the culture where one lives.[53]

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[51] Besides these two popular approaches to ethical theorising, some thinkers also bring in another alternative which they call us ethical pluralism. However, it does not appear to be completely a new theory rather an approach that combines absolutism and relativism. Hinman defines it: “Ethical pluralism is simply the conviction that the truth, at least in the moral life, is not singular or unitary. There are many truths that are sometimes partial and sometimes conflicting. This does not mean that there is no truth, as the subjectivist claims. Nor does it mean that all truth is relative, as the relativist maintains. But it does mean that, at least in some situations, there is not just a single truth. Hinman, *Ethics A Pluralistic Approach to Moral Theory*, 49.

[52] Ibid., 31.

[53] Ibid., 33.

Ethical relativism becomes an important issue in businesses where both companies and individuals are involved. Companies and individuals have to work within certain parameters as demanded by the regulations of the company which are not statutory but everyone associated with it is expected to follow. The companies are also under pressure from the Board and Shareholders who make themselves heard through the General meeting, peer standards and the personal conviction of the individuals. There are always clashes between different types of expectations from these different groups of people resulting in diverse frameworks and norms. The same applies to different countries and places that have different norms and practices and reflecting at a corporate level, MNCs have to accept a new set of codes when they move into a new country. We have to abide by certain rules and rules differ when at a new place. Though the regulations may be clear, the way of arriving at accepted standards of conduct remains vague.[54]

This issue is repeatedly confronted by those associated with a company and there have been disputes as to how a corporate citizen approaches it. Again when different cultures overlap with different set of norms, it is a problem to identify a viable approach to be adopted in a conflicting situation. From a business perspective ethical relativism is a foremost issue when companies of a particular country enter into trade with other country or enter into business agreements.

Murphy states that relativism as an ethical theory is not a serious type of ethics and should not be adopted. He further argues that it does not resist or challenge when norms are bypassed or taken lightly and it provides a comfort blanket to sympathise with the weak people who have no will to perform genuine actions. It gives such people a *feel good* experience even when they are morally incorrect. He further writes that, "a serious ethic is one that proposes tough challenges. I do not mean that in the sense of being high-mindedly idealistic, where the goals may not merely be unreachable but are irrelevant to the business or imprudent in the view of the person experienced in that zone of activity. I mean rather that the ethic is in some way a response to the operational conditions in that zone of activity in a way that is both robust and realistic."[55] Relativism with its flexible nature does not offer the kind of stability required for a solid ethical system that can be

[54] Sir Adrian Cadbury, "Business dilemmas: Ethical decision-making in business," in *Case Histories in Business Ethics*, eds. Chris Megone and Simon J. Robinson (New York: Rutledge, 2002), 12.
[55] James G. Murphy, "People in Business: Context and Character," in *Leadership and Business Ethics*, ed. Gabriel Flynn (Dublin: Springer, 2008), 127-128.

culturally accommodative. It may not work as an effective ethical paradigm for MNCs who would find it impractical to establish in a drastically different ethical framework and it would be a lot easier to work in a world which has some common stand on ethics.

This discussion on ethical relativism with its pros and corns takes us to another ethical position commonly described as ethical absolutism. It argues that the moral rules are always true and applicable to everyone in the same measure. It implies that certain actions are always right or wrong without taking into consideration the consequences and intentions. Hinman perceives it as a, "morally intolerant and insensitive position, which is all too willing to condemn what it does not understand."[56]

Most ethicists and their ideologies fall into anyone of these two contrasting ethical approaches we have discussed and we think that most people fit into or necessarily fit into any one of these ethical positions. Kant has often been identified as an ethical absolutist because of his strong ethical views. However, though his ethical position has been founded on solid uncompromising principles, we need to realize that they are of a unique type and for a noble cause. Kant's principle is that of a demanding teacher who in all his authority demands unconditional intellectual discipline of a student. An absolutist clings on to a law because he considers flexibility as its weakness and a law is to be kept up because it is a law.

But in Kant, the categorical imperative is to be kept up not because imperative is important rather the human being who devices it is important. The entire human flock as a whole needs to live in a spirit of solidarity in a kingdom of ends as ends in themselves. This requires an unambiguous and universal code of conduct and in Kant, it does not evolve from outside the individual rather the individual devices it. This offers plenty of freedom to the individual as the person is also the maxim-maker and in the case of traditional ethical absolutism there is no room for individual freedom where the rules have to be meticulously kept up.

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[56] Hinman, *Ethics A Pluralistic Approach to Moral Theory*, 31.

In Kant's theory a rational agent does not act for himself rather he acts in the most responsible manner possible for the maxim is willed to be one of universal application. And what is significant in Kant is the balance he aims to strike between the internal volition of the moral agent and the need for the formulation of universal maxims which he effectively performs with the aid of the *universal nature* of reason. And "the true vocation of reason must be to produce a will that is good, not perhaps as a means to other purposes, but good in itself, for which reason was absolutely necessary. This will need not, because of this, be the sole and complete good" (GW 4:396). Again *reason* is not absolute but an instrument in the promotion of goodwill as complete good in every rational agent. In all of these, transcending reason and law is of paramount importance to Kant though in the process he had to emphasise the moral law for the sake of the human being. He writes in the *Second Critique*:

> Now, if these concepts are to become subjectively practical they must stop short with objective laws or morality, to be admired and esteemed *with reference to humanity*: the representation of them must be considered in relation to human beings and to the individual human being; for then this law appears in a form that, though indeed highly deserving of respect, is not so pleasing as if it belonged to the element to which he is naturally accustomed but instead as it constrains him to leave this element, often not without self-denial, and to go to a higher element in which he can maintain himself only with effort and with unceasing apprehension of relapsing (CPrR 5:157-158, emphasis added).

For Kant, a principle is an objective ethical norm and such ethical norms which are rooted in practical reason need to evolve as maxims to command respect of everyone in order to direct their behaviour. Thus maxim is a tool yet essential for acting responsibly. Though we are ought to act for the sake of duty Kant intends that his idea of duty is respect for the humanity and not merely respecting duty as a law. This discredits further the argument that Kant advocates law-based ethical absolutism. Though the principles he employs may have absolutistic bend, they are at the service of humanity for the comfort of humanity in totality. He considers the concept of a moral world as "a corpus *mysticum* of the rational beings in it, insofar as the free will of each being is, under moral laws, is in complete systematic unity with itself and with the freedom of every other" (CPR A808 / B836). Therefore, it is not fair to call Kant a law-oriented ethical absolutist for he does not intend an absolutism rather absolute upholding of human worth. His priority is not to propose absolute ethical positions or theories rather an uncompromising attitude towards human beings and their respectful existence in the world.

3.3 The Predominant Business Issues

The problems in business would always be on the rise as long as businesses function on egoistic and utilitarian norms. There are a series of issues relating to business which endanger human society. Adulteration of commodities, sale of expired goods, overpricing, harassment of customers, advertising, environmental havoc and a range of similar issues make business ethics an important subject today. This section attempts to present a Kantian response to some of the major issues in business.

3.3.1 Profit Maximisation: Legal or Ethical

The key question that needs discussion here is whether ethics and profit coexist. Every business firm runs on a single point agenda of profit[57] making. No entrepreneur will invest his time and energy, if it does not produce handsome returns. Profit making taken *per se* is not evil, but the margin of error is very thin as well. Therefore, ethics has a significant role in maintaining the limits within which *profit making* should be carried out. It is the duty of the business ethics to check that profit is generated within the parameters of the ethical framework. Therefore, the position upholding profit by whichever means is definitely unacceptable. The most people of the world still value basic business ethics more than profit, despite consumerism making a decisive entry.

Profit maximisation[58] is the chief concept in modern corporate governance. The shareholders

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[57] Though *profit* is a broad term encompassing a variety of issues, in the capitalist system, it is generally reduced to money-profit. A sense of satisfaction derived from performing an action may be considered *profit* by an individual, but the companies and capitalists hold money-profit as their lifeblood. Our discussion on profit maximisation would mean money-profit only.

[58] Although the term profit maximisation is self-explanatory, the calculation of profit can be a complicated affair. The statisticians have suggested at least two forms of the calculation. They would argue that profit maximisation is more than an accounting notion with an economic dimension. This leads to an economic definition and an accounting definition of profit maximisation. They are identical in the sense that profit is shown as total revenues minus total costs (TR-TC). The accounting definition of profit would take into account fixed costs and variable costs (TC=FC+VC).The economist would define it with an inclusion of the opportune cost (TC=FC+VC=OC). Patrick Primeaux, S.M, "Maximising Ethics and Profits", in *Perspectives in Business Ethics*, Laura P. Hartman and Abha Chatterjee, eds. (New Delhi: McGraw-Hill, 2010), 261.

invest in large corporations to whom corporate managers and directors owe a duty. The managers and directors are duty-bound to make profit. Though, it is not legally binding on them to make profit, it is essential to do so, because payments have to be made to the workers and suppliers, refund to be made to the consumers in case of any return of products and tax payments to be made. These needs to be looked after, even before the shareholders take their share of profit. Therefore the directors have to target profit but can it be done at any cost or by any means?

It is believed at times that for a firm to be profitable it must necessarily subscribe to unethical means. But, it is a fact that there are companies which make profit while taking the ethically acceptable path. When the general public trust a product, they make a brand commitment which is long lasting and such business firms flourish. However there could be exceptions to it where a business unit can mislead people through false information about their goods through illegal advertising or other means. Over the years, we have witnessed companies which were genuine and exhibited ethically acceptable behaviours, discharged their social tasks, withstood stiff competition and tumultuous market changes and touched new milestones.

Thus, profit making appears to be legal but can it also be ethical? If it is ethical, then to what extent can it be ethical and is it right to say that *all that is legal is also ethical?* Jeffrey Seglin writes that, "It's very possible for an owner or manager of a company to make perfectly legal decisions without ever exploring the ethical aspects of the decision. That's not to suggest that making a decision that is legal is inherently unethical. It's just that sometimes the law gives us an excuse to ignore whether the action we are taking is right or wrong."[59] This statement synchronises the two apparently conflicting perspectives in ethics. Therefore, all that is legal is though not necessarily ethical, *profit making* may be considered ethical as well, given the assurance that it is done fair and square.

It is significant in this regard to consider the position of Kant on this matter. It is an established fact that Kant would not subscribe to any unethical means of profit making, since moral law is of primordial importance for him. In *Groundwork* Kant writes, "duty is the necessity of an action from respect for law" (GW 4:400; See also CPrR 5:81). With such emphasis on the moral law,

[59] Jeffrey Seglin, "Just because it's legal, is it ethical?," in *Perspectives in Business Ethics*, eds. Hartman and Chatterjee , 132.

Kant upholds the sanctity of business and asserts that profits should be made ethically and not merely as a legally permitted action. Moreover, Kant is not a legalist rather a committed moralist. And if ever we get the impression that he promotes legalism, it is from his passion for the moral law and endurance to persuade everyone to foster it. Paton captures this view when he writes, “the main ground for charging Kant with legalism is the belief that he bids us perform our moral actions for the sake of a vague abstraction called the law, and thereby forbids us to perform moral actions for their own sake.”[60] Again, the difference between a legalist and a moralist is clear from what Kant asserts in the Second *Critique*:

> The concept of duty, therefore, requires of the action objective accord with the law but requires of the maxim of the action subjective respect for the law, as the sole way of determining the will by the law. And on this rests the distinction between consciousness of having acted *in conformity with duty* and *from duty*, that is, respect for the law, the first of which (legality) is possible even if the inclinations alone have been the determining grounds of the will whereas the second (*morality*), moral worth, must be placed solely in this: that the action takes place from duty, that is, for the sake of the law alone (CPrR 5:81).

This defends Kant against being labelled a legalist, for a legalist does not act from duty. For Kant, law is not an end rather only a means for the attainment of the highest moral good. Therefore, from Kant’s perspective profit making is not justified when it is legally permissible, rather when it is morally permissible. The corporations have a duty to make profit based on their charter of incorporation and on account of their legal obligations to shareholders. However, a business manager who accepts Kantian morality would ask if any such decision (as profit maximisation) evolves from one’s duty. If it does, then the decision would be morally permissible, if not, though it may be legal, it is not acceptable because it is not ethical.

3.3.2 Immorality of Illegitimate Advertising

[60] Paton, *The Categorical Imperative*, 75.

The next important issue of the business world today is advertising. It is definitely one of the huge business industries all over the world.[61] There has never been a debate over if advertising influences people. It is an accepted fact that most people are influenced by advertisements and some even baffled by it. They do adopt deceptive[62] standards to gain edge over competitors. They influence our habits and often force us to make brand commitments. The authors of *Moral Issues in Business* complement my view when they write, “Ads dominate our environment. Famous ones become part of our culture; their jingles dance in our heads, and their images haunt our dreams and shape our tastes.”[63] Advertising has always existed in one form or other ever since there were buyers and sellers. Our vehicles of advertising have undergone a huge transformation over the years. We have gone past print, Radio and Television and have entered into a phase of e-advertising.

With astounding advancements in the ad-industry, in the recent years, ads can be harmful to the society if they do not hold on to core human values. Every deceptive ad misleads the consumers making them to subscribe to false beliefs about the products and motivate them to take decisions regarding the purchase of products which they would not have taken if correctly informed.

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[61] A statistical representation would substantiate my observation that advertising is a massive industry today. In the US, over $150 billion was spent in 1994 on advertising and above $30 billion on Television advertising while about $32 billion was spent for the same in print media. There are about 6000 advertising agencies involved in it in the US employing several thousand personnel. See Manuel G. Velasquez, *Business Ethics* (New Delhi: Prentice-Hall of India Pvt.. Ltd., 2002), 355. There is another set of interesting statistics is available as well, which explains how different companies invest annually on advertising. According to it, Sears spent $887million, McDonald $649million, PepsiCo $704million, Philip Morris $1558 million and Procter & Gamble $1387million. The advertisers in US spent annually about 120billion which works out to almost $500 for everyone in the country. See Shaw and Barry, *Moral Issues in Business*, 483.

[62] Carson in his essay *Ethical Issues in Selling and Advertising* makes a distinction between deception and lying where he argues that not all cases of deception may be considered *lying*. He states: “The word “deception” implies success, but lying is often unsuccessful in causing deception. A further difference between lying and deception is that, while a lie must be a false statement, deception needn't involve false statements; true statements can be deceptive and many forms of deception do not involve making statements of any sort. Thus, many instances of deception do not constitute lying. Withholding information does not constitute deception. It is not a case of causing someone to have false beliefs; it is merely a case of failing to correct false beliefs or incomplete information. On the other hand, actively concealing information usually constitutes deception. Thomas L. Carson, “Ethical Issues in Selling and Advertising,” The *Blackwell Guide to Business Ethics*, ed. Norman E. Bowie (Blackwell Publishing, 2002), 187. Though he is making a valid distinction here, the distinction is only gradational and therefore still contains elements of mistruth in every case of deception. Active and passive deception makes sense for academic distinction and moral responsibility is present at both levels. A misrepresented truth in any degree is still lying and so I would contest his claim “many instances of deception do not constitute lying”. Kant made this view clear in his lectures when he said; “ But if it be that the other is ever meant to believe it, then, even though no harm is done, it is a lie, since at least there is always *deception*” (LE 27:62; Emphasis added).

[63] Shaw and Barry, *Moral Issues in Business*, 483.

Deceptive advertising is a breach of trust and the economy and the human community at large would suffer on account of it. Though there are severe laws and stringent punishments, they do not always ensure that truthfulness is kept up in all business transactions. The increase of business crimes and financial malpractices tell us the sad tale of business and the ever growing need for people to subscribe to truth-values on moral grounds. If the advertisers think that the consumers have to give credence to their propaganda about the products, then they need to act from a moral conviction. Judiciary and the legal systems cannot provide full proof security to the customers if deception is practiced as acceptable to the society.

Nations all over the world having aware of the threat of deceptive advertising, have taken sincere measures to place restrictions on deceptive ads. For instance the Federal Trade Commission (FTC) established as an independent agency of the US government in 1914 has a set of norms for defining and regulating deceptive advertising. FTC finding deceptive ads in any form of media would call for immediate discontinuation and in case they persist with the ads then they are fined and at times FTC also fines the advertisers when there is explicit deliberate falsity.[64] The Advertising Standards Council of India (ASCI) in chapter 1(4) states that, "Advertisements shall neither distort facts nor mislead the consumer by means of implications or omissions. Advertisements shall not contain statements or visual presentation which directly or by implication or by omission or by ambiguity or by exaggeration are likely to mislead the consumer about the product advertised or the advertiser or about any other product or advertiser."[65]

Ideally speaking, advertising enables a business unit or company to inform the public about their products. Thus, it has an informative value and is a viable business strategy. True and correct information would facilitate the customers in their process of decision making. It would provide the details of the product and one can compare and contrast different brands before making a rational brand-choice. From this perspective, advertising cannot be considered unethical or illegitimate, since, it is basically sales promotion where the products are brought to the notice of

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[64] Carson, "Ethical Issues in Selling and Advertising," in *The Blackwell Guide to Business Ethics*, 188.

[65] "Advertising Standards Council of India and the Code for Self-Regulation of Advertising in India", Accessed from http://www.ascionline.org/images/pdf/asci_code_of_self_regulation.pdf on 25th Oct 2012.

the public. This view is shared by Manuel when he writes, "commercial advertising is sometimes defined as a form of 'information' and an advertiser as 'one who gives information'."[66]

However, in reality, advertising does a lot more than merely informing about the product to the customers. They employ innovative means to show competitive advantage over other similar products. They have a persuasive power to play on the psyche of the people and lead them to choose one thing over another. The information that they give are often distorted and largely one-sided, and it is in such a scenario, that our question concerning advertising as immoral and illegitimate becomes significant. Besides, the directors of ads make it a point to present them in an ambiguous manner, so that they do not directly distort truth rather leave to the interpretation of the audience.[67] In the absence of strict codes of conduct[68] for advertising in many countries, those involved in this industry extract immense benefits out of the weak system.

A Kantian response to this would be interesting, as Kant would not hold advertising as intrinsically evil. But, distorted and misrepresented advertising would definitely be unacceptable to Kant. Kantian ethical system is pretty straightforward in dealing with the advertiser's obligation to the truth. Any advertisement which does not depict the product truly is false and the Kant's way is that anything which is not true leads to a moral wrong doing which is a *lie*. In *The Lectures on Ethics* he says, "It is the basis of all virtue; the first law of nature, Be truthful!" (LE 29:60). In *Metaphysics of Morals*, Kant is ruthless in condemning a *lie* when he writes, "By a lie a human being throws away and, as it were, annihilates his dignity as a human being"(MM 6:429). Thus, for Kant

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[66] Velasquez, *Business Ethics*, 355.

[67] A quote from *Moral Issues in Business* would expound this point. "The fact that ads are open to interpretation doesn't exonerate advertisers from the obligation to provide clear information. Indeed, this fact intensifies their responsibility, because the danger of misleading through ambiguity increases as the ad is subject to interpretation. At stake are not only people's money but also their health, loyalties, and expectations. The potential harm a misleading ad can cause is great, not to mention its cavalier treatment of the truth. For these reasons ambiguity in ads is of serious moral concern." Shaw and Barry, *Moral Issues in Business*, 485.

[68] Carson mentions that, "Since advertising does not require a license or membership in any professional organization such as the bar association, industry or professional codes of ethics have very limited power to discourage deceptive advertising. Professional codes of ethics for advertisers lack the force of codes of ethics for the law and medicine; there is nothing comparable to disbarment proceedings in advertising." Carson, "Ethical Issues in Selling and Advertising," *The Blackwell Guide to Business Ethics*, 187-88.

anything less than truth certainly goes against the principles of an ethical system. If advertising makes false claims regarding the product's utility then it is illegal and immoral.

The issue for Kant here is not advertising as such, rather regarding truth-saying or lying. If advertising of a product speaks the fact of the product, Kant would have no problem with it, but if it provides exaggerated information of the product, then, it is a crime as it violates the principle of duty. *On a Supposed Right to Lie* Kant writes, "Truthfulness in statements that one cannot avoid is a human being's duty to everyone" (SRL 8:426). Thus for Kant, *truthfulness* is a duty which one cannot forego because it is a duty both to oneself and to society. So, a duty cannot be bypassed and if false advertising attempts to do so, then it is a certain offence and such advertising in Kant's understanding is intolerable. Again in the same essay he adds; "To be truthful (honest) in all declarations is therefore a sacred command of reason prescribing unconditionally, one not to be restricted by any conveniences" (SRL 8:427).

Consistency requirement is a key factor for morality without which events of human life would have no purpose or meaning. If everyone acts in a way suitable to him or her, it would lead to moral degeneration. Kantian imperative guarantees this consistency and it does not offer exceptions for any individual. His definition of truth is clear and has no ambiguity which is an important principle for all advertising. "If untruth presupposes cleverness and skill, we get artful lying and repute; courtiers and politicians, for example, have to achieve their aims by lying, and everyone should flee any position in which untruth is indispensable to him" (LE 27:62). "To be truthful is good in itself, and for every purpose, and untruth is in itself vile" (LE 27:257). Being truthful is both a *duty* and also the *command of reason* and therefore any attempt to tamper with it, would be seen by Kant as a breach of the moral law and treated as immoral and illegal. And, if advertising fails to present truth and creates a distorted image of the product, then it is illegal and immoral.

3.3.3 E-Business and Ethical Implications

Until not long ago, we thought that the only way to purchase was to buy from local shop keepers or utmost go to a city mall. We found at ease going to local shop keepers for our purchases as they know us and we know them. There is an amount of trust which assures that the goods are reliable and there is immediate accountability for any inconvenience. But with the rise of on-line buyers, where purchases are made from unknown quarters, personal accountability becomes a key ethical issue. Today on-line commerce suffers from several ethical indictments and often we are left with no one to own responsibility for the irregularities. We are invariably witnessing major legal and ethical issues in e-commerce privacy, computer crimes, intellectual property besides credit card and other frauds. Ethics becomes an issue of paramount significance.

Though net crimes are at an alarming rise, e-commerce as a new business paradigm is fast relieving the traditional purchasing methods. E-commerce is described in business terms as, "one of the most important developments to arise from the current swathe of technological advances is electronic commerce. Simply speaking, e-commerce refers to trading electronically: transactions involved with buying and selling products, services and information over a network."[69] It is making a decisive entry in to our society today that needs special attention from an ethical perspective.

E-business offers immense possibilities for humanity and therefore its potentialities need to be used. "If you don't see the Internet as an opportunity, it will be a threat", reminds former UK Prime Minister Mr Tony Blair.[70] The e-technologies provide great scope for business all over the world. Recognizing the vast potential of e-business, Kofi A. Annan, Secretary-General of the United Nations wrote, "Information and communications technologies have considerable potential to promote development and economic growth. They can foster innovation and improve productivity. They can reduce transaction costs and make available, in mere seconds, the rich store of global knowledge. In the hands of developing countries, and especially small- and medium-sized enterprises, the use of ICTs can bring impressive gains in employment, gender equality and standards of living."[71]

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[69] Stuart Barnes and Brian Hunt, eds., *E-Commerce and V-Business: Business Models for Global Success* (Oxford: Butterworth-Heinemann, 2001), 1.

[70] Quoted in Ibid.

[71] Kofi A. Annan, E. *Commerce and Development Report 2004,* Foreword (New York and Geneva: United Nations, 2004).

Thus e-business brings companies to compete at global level taking business transactions to a new level. With e-business all set to take over as the prominent business practice of at least the middle and upper class of the world, it also brings in several ethical concerns. For instance the need and availability of internet at work places for purposes of business has made the employees to misuse it leading to loss of productivity. A survey reveals that 50% of employees say they often surf the web for their personal purposes during the work hours, 85% of employees acknowledge that they send personal e-mails at work when they are supposed to be doing work. The most embarrassing is that 62%of companies found their employees browsing through porn sites during their office hours. [72] This statistical report tells us about the bleak side of the e-world. This certainly brings ethics to the fore of e-business where a work-culture takes a beating owing to the introduction of electronic means in business.

However in spite of these disadvantages, e-business continues to thrive on account of its numerous merits to customers. Customer Relationship management (CRM) as a business strategy meant to increase profitability by consolidating the customer fidelity is enhanced today though the e-business tactics. CRM has become e-CRM taking business into a new level to follow the customer-behaviour and understand their tastes and preferences. Customer support is carried out on-line to enhance business. CRM works as a customer-centric business operational philosophy with an improved version of working through a new channel where cross-selling and upselling are also carried out using internet. A customer who buys a laptop computer immediately receives a mail with suggestions of accessories whereby needs are created on-line.

An internet impact study reveals that 71% of the companies provide customer support through providing e-solutions while 68% adopt e-marketing and another 52% adopt e-commerce for sales and transactions. The same survey also shows that e-business also reduces marketing expenses.[73] Thus it has become inevitable to use internet for business and every business that uses it is in an advantageous position than the one which does not use or uses rarely. Even commodities of

[72] Joel Hagan and Chris Moon, "New economy, new ethics," in *Business Ethics,* eds. Chris Moon and Clive Bonny (London: Profile Books Ltd. 2001), 8.

[73] Susy S. Chan and Jean Lam, "Customer Relationship Management on Internet and Mobile Channels: An Analytical Framework and Research Directions," in *E- Commerce and M-Commerce Technologies,* ed. Candace Deans P. (Hershey: IRM Press, 2005), 4.

nominal value are also sold on-line on different paying modes. Credit and debit card payments though often sought by many, cash-on-delivery mode is also made available to many customers which reduces the doubt-factor of the customers and increases trust making customers to order the product on-line. Cash-on-delivery mode gives customers an additional edge over the sellers with an assurance that they would not be cheated.

With these stunning advantages to both producers and buyers, e-business has its share of blemish and at times causing damage to ethical equilibrium. Privacy is an issue that impairs gravely the merit of e-marketing. We have a right to our individual privacy and we don’t expect someone peeping into our personal lives. We are not tracked when we make our purchases at a local shop or even at a city mall and we can object if someone attempts it. In e-business and marketing our privacy is at stake. When we surf through the net for a particular product to buy, it is possible that our every click of the mouse is followed by foreign elements. More often than not, the on-line shops keep track of our searches and it is likely that we end up getting e-mails regarding the products by the evening. Thus our privacy and freedom are constantly under threat from these on-line trackers.

From a Kantian perspective, violation of privacy would be seen as intrusion into the freedom of the other. It also is against the principle of respect and dignity which Kant upheld throughout his writings. He does not welcome any unwarranted interference into anyone’s private zone as it goes against the value we are obliged to give for the other. It is amply clear when Kant writes that, “nobody has any further right to interfere in my affairs; he thus has no authority to compel me” (LE 27:433). The First *Critique* calls to base our rights on the conditions of everyone’s external freedom in accordance with the universal laws (CPR A 316/ B 373). Thus threat to privacy is a crime and violation of one’s duty to the other which Kant does not approve at any level. It is therefore against the spirit of duty to peep into someone’s private life and on-line tracking by the e-business agents is an ethical offence. It challenges one’s autonomy and intimidates him with needless intrusion.

It is not just privacy alone at stake but e-business brings several other ethical issues into discussion. They also try to depict the competitive products in bad taste in an effort to defame them. For instance, while writing reviews about their products on internet, they are often compared with the competing brands with the intention of expressing their superiority over the competitors. In the pretext of customers' response, often the personnel of the respective businesses publish positive feed backs regarding their products and defame competitors. Defamation in any form is obnoxious to Kant as he writes: "By defamation (*obtrectatio*) or backbiting I do not mean slander (*contumelia*), a false defamation to be taken before a court; I mean only the immediate inclination, with no particular aim in view, to bring into the open something prejudicial to respect for others. This is contrary to the respect owed to humanity as such; for every scandal given weakens that respect, on which the impulse to the morally good rests" (MM 6:466).

Thus there are many ethical concerns to e-business though it is fast catching up all over the world as a viable business method. They also induce us to buy their products by way of their effective advertising on internet which we would not have bought on normal circumstances. The possibility of fraud is also high on e-business and transactions because anyone can post anything without being censured. This paves the way for deliberate misinformation, half-truths and untrue claims make e-business the most vulnerable today. Genuineness and authenticity which are the trademarks of ethics are often bypassed in e-business. Kant's emphasis on genuineness is reflected when he writes; "genuineness (and in the practical this is what matters most) is to be sought nowhere else than in a pure philosophy; hence this (metaphysics) must come first, and without it there can be no moral philosophy at all" (GW 4:390).

E-business often fails to guarantee these essential elements required of a respectable business transaction making it unethical. There is also the issue of the legitimacy of the sites due to the danger posed by cybersquatting which is purchasing of domain names that are expected to be preferred by corporations also makes e-business ethically delicate. Thus e-business is a tight-rope-walk and as an ethical norm one needs to be alert and extract its benefits while discarding its threats.

3.3.4 Environmental Responsibility of Trade and Business: From a Kantian Paradigm

Businesses do not function on principles of environment-care and they don't invest to make environment better rather their investments are meant solely for the benefit of business. Trade involves transportation of goods and commodities over multiple routes as sea, air and road. Their objective is primarily the transfer of the merchandises given for shipping. Businesses and Trade will be paid for their service and it is the duty of the manager or whoever is involved to make sure that they don't incur loss as they have a duty to make profit. But, do their responsibilities end just there? Are they not also responsible to the same degree for the effects of their actions on the environment? At this juncture, business strategies and environmental concerns[74] interface in an ever on-going conflict.

There are diverse ways in which the business firms are hazardous to the environment. They let out odour, fumes and vapours that affect the life of living beings and pollute the atmosphere. Corporations and other businesses are associates of the society and have a duty to align decisions in a way that they are mutually advantageous to themselves and the environment. There are innumerable ways by which the business firms have to compensate the damage done on account of their business procedures and practices. Every company should have a way of recycling waste, spill containment and smoke control. The companies which let out excessive dust should necessarily install filtration system.

These steps should not be seen as acts of charity but duties which automatically follow from their actions. For, Kant argues that even charity by the wealthy is not to be considered meritorious because it is nothing more than discharging a duty which the society falsely considers as beneficence (MM 6:454). Even if genuine charity is not to be treated as such, then what about the payback by these companies on the adverse effect of their actions on the people and the environment. They are duties and their evasion is an offence and deserves punishment. According to Kant, it is a failure of a moral duty that calls for an equivalent physical evil on the perpetrator

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[74] This debate regarding business strategy and environmental concerns is dealt about in *bio-economics* at eco-economics schools. And in business studies these issues are treated under the field of *industrial metabolism*. These are relatively fledgling themes came to be discussed in the 1980's and still evolving. Industrial Metabolism focuses on the industrial processes leading to wastes and emissions which cause irreparable damage to biodiversity and ecosystem. Metabolism symbolically refers to the life of different organisms in nature which takes in food and release waste as output of the intake. See Jouni Korhonen, "On the Ethics of Corporate Social Responsibility –Considering the Paradigm of Industrial Metabolism," *Journal of Business Ethics*, no.48 (2003): 302.

by way of punishment (LE 27:286). Therefore if the corporations do not follow up the consequences of their actions with due measures then they deserve to be acted up on as there is a moral failure on their part. For instance, if there is no filtration system in place which brings respiratory issues to the employees then they are eligible for a due compensation. And if it is not met with, then they can be penalized as there is a moral lapse.

It is the moral lapses which pose physical threat to the environment and the society. There are about 6500 offshore installation of oil and gas in the world which take care of the distribution with the help of tankers.[75] Oil spill in these installations during transportation is not an uncommon event and the responsible firms have to necessarily attend to the environmental havoc it causes. In such situations there come about conflicting economic and environmental fears. There are companies which have taken genuine measures to safeguard the environment while a majority of them do not appear to give due regard to it. For instance, a report of the British Petroleum states that they have reduced their greenhouse gas emissions through increased operational efficiency which has brought about a dual benefit of protecting environment and increased financial savings.[76]

However, there are several other instances where the respective corporations have failed to carry out their environmental duties. Examples of this are mounting and few memorable ones may make our discussion relevant. Union carbide and Bhopal, Shell in Nigeria and Exxon and Alaska are specimens that are ever fresh in our memories for their hostility to the environment and to the human folk in particular.[77] Pollution by thousands of similar companies causes havoc to biosphere making it difficult to sustain life. The CO2 pollution is at an alarming rise and its impact is severely felt in the atmosphere. However it may be considered unreasonable to blame only the corporate citizens for the environmental hazards. The customers also demand environmentally unfriendly products, but the greater chunk of duty lies with the managers and other corporate representatives who have the final say regarding what they produce.

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[75] Jon Entine, "Shell, Greenpeace and Brent Spar: The politics of dialogue," in *Case Histories in Business Ethics*, 59.

[76] British Petroleum, "*Emission from Our Operations*," Accessed from http://www.bp.com/sectiongenericarticle.do?categoryId=9002335&contentId=3072045 on 12th Oct. 2012.

[77] Goran Svensson and Greg Wood, "A Model of Business Ethics," *Journal of Business Ethics* 77, (2008):317.

These repeated harms to nature by businesses make us to argue from a Kantian perspective that our environment needs a fraternal care. Though in Kantian thought, the preservation of environment[78] may be seen as an imperfect duty for the fact that it may not be obeyed at all situations but it should be seen by corporate citizens as an end which is important. Though, a direct effort to fulfil this duty may not be recommended at all times with a lot of freedom to the corporate managers as to how and when to fulfil this duty, it should not be overlooked. Corporations exist because of the society and the agents of the society have a right to decent living which should be also seen as extension of duty of the managers to the environment. It is in the Third *Critique* that we have Kant's intimate appreciation for the nature and environment. He writes:

> I maintain that to take an *immediate interest* in the beauty of nature (not merely to have taste in judging it) is always a mark of a good soul; and that, when this interest is habitual, it at least indicates a frame of mind favourable to the moral feeling if it is voluntarily bound up with the contemplation of nature. It is to be remembered, however, that I here speak strictly of the beautiful *forms* of nature, and I set aside the *charms* that she is wont to combine so abundantly with them, because, though the interest in the latter is indeed immediate, it is only empirical. He who by himself (and without any design of communicating his observations to others) regards the beautiful figure of a Wildflower, a bird, an insect, etc., with admiration and love; who would not willingly miss it in nature although it may bring him some damage; who still less wants any advantage from it—he takes an immediate and also an intellectual interest in the beauty of nature. That is, it is not merely the form of the product of nature which pleases him, but its very

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[78] The term environment is of a recent origin and environmentalism was coined in 1923 to mean that human behaviour is a result of social and physical conditions where a person lives and develops. It developed as opposed to the idea that our behaviour is the outcome of one's biological endowment. Its origin can be traced to the French term *environner* which means to encircle and the word *nature* comes from the Latin phrase *natura*. Though the ideas of *nature* and *environment* are often considered identical they differ in their origin and history. Environmental debates have come about in the 20th century while the concept *nature* is traced back to the early days of philosophy itself. However, it is a fact that most of the meanings derived out of one of the terms may also be derived out of another. Dale Jamieson, *Ethics and the Environment: An Introduction* (Cambridge: Cambridge University Press, 2008), 1-2. Since *environment* being a term of recent origin is not discussed by Kant rather he uses *nature* perhaps denoting also to mean *environment*. Since certain meanings implied in nature are also revealed by environment and given the fact that the term *environment* is of a recent origin, it is reasonable that Kantian reference to nature is considered as referring also to *environment*.

> presence pleases him, the charms of sense having no share in this pleasure and no purpose whatever being combined with it (CJ §42).

This passage from *The Critique of Judgement* interfaces Kant with environmental concerns. Though the Kantian tone is of an aesthetic nature in sheer admiration of the sublime and beautiful in nature, it reflects his environmental apprehensions. There is an absolute altruistic approach to the environment in this passage where Kant acknowledges that a genuine interest in the beauty of nature is a mark of a good soul. There is no utilitarian tendency in this aesthetic approach as the goodness of the environment is inherently applauded. This is a memorandum for the corporations to act decisively from a sense of duty to protect the inherent beauty of the environment. It is not merely the intellectual inquiry that pleases him rather its very existence as well. Kant calls it a *moral feeling* to experience consistently the beauty of nature which for him reveals the disposition of one's mind.

This view of Kant brings to light an interesting quality of a manager or corporate citizen as one who admires and appreciates nature with a right disposition of mind. This intellectual conviction rising from the rational experience of the beauty of nature at a deeper personal level would impel him to take decisions that do not hurt environment. Mark Wilkinson is the chairman of privately owned wood furniture company outlines the approach of his firm towards the enhancement of the environment. His firm had outlined a practical programme according to which every customer order will be supplemented with a planting of a tree. Besides, they also had implemented a clear policy that they would use only sustainable raw materials in their firm even if it diminishes profit.[79] Such caring gestures to the environment are possible only when we have developed a sense of intellectual veneration for the beauty of nature. In today's anti-environmental context, a good manager should necessarily possess this quality for the harmonious existence of all beings in the world.

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[79] Chris Moon and Clive Bonny, eds. "Attitudes and approaches," in *Business Ethics*, 25.

Kant perceives the duty to the environment as a duty to the humankind at large though not a duty in itself. It is immoral to destroy things which are not useful to me for they may be useful to someone else. Kant argues that no one can damage the beauty of nature though he cannot use it. And duties to nature, animals and environment are reflections of duties towards mankind (LE 27:460). This furthers the responsibility on the businesses to act for the sake of humanity and not to impair the environment. The discussion point here is whether business has direct ethical responsibility to the nature or only indirect environmental responsibilities. In Kantian pattern of thinking the direct duties are to human beings alone, however fulfilling them implies also fulfilling the duties to the nature. Therefore the concept of indirect duty to nature does not deprioritise our responsibility to it.

In the context of our world where reckless mining is causing severe damage to the environment, we need to realize the responsible use of natural resources. Mining should be done in a way that it contributes to the overall perfection of humanity. Mindless mining is a violation of our duty to humankind and the generations to come would be left with no pile of natural resources. Our duty to the humankind means also duty to the future generations and Kantian ethics impels that we do not exploit environment rather preserve for the future of humanity while extracting only our share from nature.

When Kant states that our duty is primarily to human beings and our relationship to nature is only within the framework of humanity. This brings the idea of instrumental value of nature but it does not imply that it can be exploited beyond limits. Kant being a non-consequentialist respects also other life-forms and recognizes our duty to them. He perceives moral value that resides in the moral maxim which calls for a collaborative task in our search for moral excellence of the entire world. Though Kantian anthropocentricism provides intrinsic moral worth to human beings alone (for human beings alone are *ends in themselves* GW 4:427) and all other life-forms are of instrumental goods to lead humanity towards its perfection, he does not permit any demeaning or disgracing approach towards them. Kant is right in favouring a human centred world because we are the moral agents who are able to recognize our duties and fulfil them in view of the purposiveness and order in the world.

This idea gets further clarified when Kant talks about our duties to animals. He considers animals as an analogue of humankind and in considering them as analogues we carry out our duties to humankind. If a dog has been faithful to his master for several years, that is an analogue of merit and it deserves to be treated till the end even if it is weak and useless to me for it is in this way that I promote the cause of humanity. This duty to his dog is an indirect duty to humanity which helps him to nourish fine human qualities and if one is not kind to animals, it is likely that he is unkind to human beings as well (LE 27:459). Kant affirms it again in *The Metaphysics of Morals* where he writes; “Even gratitude for the long service of an old horse or dog (just as if they were members of the household) belongs indirectly to a human being’s duty with regard to these animals; considered as a direct duty, however, it is always only a duty of the human being to himself” (MM 6:443).

Another issue that needs immediate attention in the context of our discussion is the damage to marine life. Industrial wastewaters send huge amount of toxins into ocean. Oil from runoffs, accidental spills[80] from the trading ships, thermal pollution from power and industrial plants have devastated sea-life. These are incidents that reveal where, as humanity we have failed in our duties to each other. These cases and events cannot be treated as merely acts against nature or environment rather they are failures to fulfil our duties to each other. Kant sees duty as an encompassing fact of all humanity towards its purposive end. He writes;

> The origin, growth, perishing and reproduction of plants, for example, the nourishment they give to animals, and that animals give to men, in short, the way things in nature combine towards an end, presupposes the conception of a supremely wise being, whose purposive arrangements we perceive herein. It teaches us that in nature everything leads to an end, whether it be its own end, or the means to a higher one; yet this purposive action and coordination of all parts

[80] Oil is considered to be the greatest recognized toxic pollutant. Massive tanker accidents like the Exxon Valdez get to be discussed quickly at international levels. The Exxon Valdez grounded on Bligh Reef spilled nearly 11 million gallons of oil into the Prince William Sound in March of 1989. The adverse effect of this was felt for several years which shattered the ecosystem. Another similar event that strikes us immediately is the most publicised tanker accidents of the 1991 Persian Gulf War where 240 million gallons of oil was spilled into the coast of Saudi Arabia. “The Threat of Pollution and what you can do about it,” Accessed from http://see-the-sea.org/topics/pollution/toxic/ToxPol.htm on Sept25th 2012.

> toward a total world-structure indicates no more than the utmost natural art, a wisdom in the arrangement that is beyond our comprehension (LE 27:716).

Though our primary duty is to humanity, it is extended to the entire nature, environment and every other reality as our final purpose is a unity of the entire world.

Thus, we have analysed the environmental concerns resulting from irresponsible business practices whether merciless felling of trees, mining or dumping toxic waste in the deep waters employing the Kantian paradigm. We have evaluated the ugly impacts of industries and shipping companies on environment and argued that Kant's duty to human beings is also a duty to the environment.

Having born and lived in a century which did not have serious environmental issues as we have today and with no idea of what the term environment meant, Kant still did not fail to put his sympathetic thoughts for the nature. His principle of duty with its all-compassing approach gives ethically relevant value for the purpose of conservation of resources for the sake of the perfection of world-structure. His ethics also defends the intrinsic value in nature and therefore the need to defining justice for the ecosystems. Kant's anthropocentricism defines clear guidelines for arriving at a dutiful environmental policy. His ethics by successfully interfacing humanity and nature (environment) upholds the integrity of every reality whether human beings or otherwise.

CHAPTER FOUR

KANT'S THEORY OF VIRTUES AND DOCTRINE OF RIGHTS SANCTIONING FAIR BUSINESS AND TRADE

Practical philosophy had its beginning in the ancient Greek philosophy whose virtue ethics[1] was convention-based[2] while the modern era is a witness to its counterpart in the rational ethics finding its culmination in Kant. The development of moral consciousness today is sphere headed by a post-conventional rational ethics that relies on human reason. It is a philosophical approach to the understanding of ethics unaffected by theology or other practices of history. For Kant it would mean that we can arrive at solid ethical principles purely from principles of pure reason which includes a practical perspective.

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[1] Virtue ethics is often referred as an independent normative theory which sets up principles that guide one's action. There is a difference of opinion among scholars who feel that virtue ethics cannot strictly be called a normative science of morals. But some other scholars identify with the theory of virtues presented by thinkers like Aristotle. A detailed discussion on whether *Virtue Ethics* is a distinct theory is not within the scope of this study. An extensive discussion on this is available in *Perfecting Virtue*. See MarciaBaron, "Virtue ethics in relation to Kantian Ethics: An Opinionated Overview and Commentary," in *Perfecting Virtue*, eds. Lawrence Jost and Julian Wuerth (Cambridge: Cambridge University Press, 2011), 8-37. However, it is our project here to study Kant's ethics which is intimately connected with his theory of virtues and its application for trade and business.

[2] The ancient virtue ethics was established on traditions and customs with the basis of morality in convention rather than reasoning. The biblical *Ten Commandments* known as the *Decalogue* are the principles regarding ethics and worship and based on certain convention followed by Judaism and most forms of Christianity. Its influence on the formation of ethics and philosophy is unquestionable. The medieval philosophy and therefore the medieval philosophy of ethics and virtues is a footnote to these Commandments. The Scholastic ethics of *Summa Theologia* presented by Thomas Aquinas is a faithful submission to the *Decalogu*e. The virtue ethics of Aristotle is yet another typical example of a similar ethics where he performs a balancing act with the judgment of the values given by the customs. It is beyond contention that Aristotle does give importance to reason but the perspective and focus is still conditioned by conventional principles. In Aristotle, the ethical deliberation has a limited scope which calls for a balanced judgment of events based on customary practices but in Kant these very values are the central issues. This view is substantiated and elaborated below in a following foot note.

In affirmation of this view Kant writes in the Second *Critique*, "pure reason can be practical – that is, can of itself, independently of anything empirical, determine the will – and it does so by a fact in which pure reason in us proves itself actually practical, namely autonomy in the principle of morality by which reason determines the will to deeds" (CPrR 5:42). His theory of virtues and the doctrine of right culminating in categorical imperative forms a perfect podium for a viable ethics of business and Trade. We make an attempt to understand some of these Kantian ethical doctrines in this section.

Kant defines virtue in diverse ways but the underlying principle of all these definitions is the idea of self-constraint (*Selbstzwang*) which is the moral strength of will. It is "a self-constraint in accordance with a principle of inner freedom, and so through the mere representation of one's duty in accordance with its formal law" (MM 6: 394). Virtue is also a principle of holiness; a moral perfection for rational agents that are immune to contra-moral actions. Kant also conceives virtue as a morally good disposition (*Gesinnung*) or a way of thinking (*Denkungsart*) which is a disposition that is acquired and not born with. Kant inclines to define virtue as an *ability* or *capacity* (*Fertigkeit*), or *courage* or *fortitude* (*Tapferkeit*), and concludes that it is a form of strength of soul, will or maxims.[3] However in spite of these diverse definitions and descriptions, the predominant thought in Kant's theory of virtues is that it is a moral strength of one's will.

4.1 Kant's Description of *Virtue* as Moral Strength of the Will

Kant's understanding of virtue is essential to his ethical theory and an adequate treatment of Kant's approach to business ethics is possible only through an analysis of his theory of virtues. Kant defines virtue as the "moral strength of a *human being's* will in fulfilling his duty" (MM 6:405).[4]

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[3] Anne Margaret Baxley, *Kant's Theory of Virtue* (Cambridge: University Press, 2010), 51.

[4] This view of Kant puts him at loggerheads with the classical views of virtue particularly with that of Aristotle. In the *Nicomachean Ethics,* Aristotle maintains that the virtues are formed by repetition like any other habits. He writes, "The virtues, on the other hand, we acquire by first having put them into action, and the same is also true of the arts. For the things which we have to learn before we can do them we learn by doing: men become builders by building houses and harpists by playing the harp. Similarly we become just by the practice of just actions." *Nicomachean Ethics,* II: 1103a 30-35. For Aristotle, Virtue is defined as, "the mean by reference to two vices: the one of excess and the other of deficiency." *Nicomachean Ethics,* II: 1107a2-3. Kant by treating virtue as grounded in moral principles rejects this famous Aristotelian view that virtue is a mean between two vices. Kant's reasoning is interesting because he says that according to Aristotle, virtue differs from vice only in degree and they are not different principles. Again Hartman adds, "Virtue is after all not simply a mean between vices. Courage is fear of the right things, not just fear of more things than the reckless person fears and fewer than the coward. Like other virtues, courage requires practical

He qualifies virtue as "concept of strength" (MM 6:392) and says that it "designates courage and bravery" (RN 6:57). Wood commenting on it writes: "Virtue is strength. Strength is measured by its capacity to overcome resistance. So a person is more virtuous the greater the inner strength of their will in resisting temptations to transgress duties."[5] Thus the quality of one's virtue depends on his competence to fight opposition. Kant also states that moral strength is an *aptitude* (*Fertigkeit, habitus*) and a personal excellence of the power of choice (*Willkür, arbitrium*) (MM 6:407).

This description of virtue clearly explicates the Kantian interest in virtue as a moral principle evolving out of moral law because a moral individual always acts in accordance with reason. His description of virtue presupposes a moral duty rather than merely judging certain acts right and others wrong, as virtues are sometimes understood. Virtues are reasonable only in a context of responsible dutiful behaviour. Though the human beings seek moral perfection, ultimately they end up in attaining a virtue which is "a disposition confirmed with law *from respect* for Law" (CPrR 5:128) and he states that "freedom under laws is a doctrine of virtue" (MM 6:380).

Thus for Kant, there is nothing much can be chosen between virtuous living and moral living as they are identical. It is for this reason that the Kantian virtue ethics is different from the traditional

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intelligence". Edwin M. Hartman, "The Role of Character in Business Ethics," *Business Ethics Quarterly* Volume 8, Issue 3, (1998): 551. Kant writes, "The distinction between virtue and vice can never be sought in the degree to which one follows certain maxims; it must rather be sought only in the specific quality of the maxims" (MM 6:404). Thus the difference here is that Aristotle is a philosopher of praxis while Kant is a philosopher of reason. Thus his concept of reason has a dual role as practical and theoretical which is made clear in the First *Critique* (A341/A566, B399/595) etc… The description of virtue for Foucault and Butler as summarized by Harper supplements Kant's pattern of thinking. "Virtue is the action of thinking rather than an attribute of thought. This makes the subject of ethical consideration the person making the judgment. If we frame ethical discourse in this way, then it only makes sense that it is more interesting to talk about good people rather than good decisions. This understanding of ethics is particularly important in business because a firm cannot hold a "decision" accountable for its own effects. People must be held accountable for their actions and, therefore, the theoretical basis by which a firm holds people responsible for their acts must be biased and the assumption of the freedom, authenticity, and thoughtfulness of the moral subject. It is only if we acknowledge that leaders have the virtue of critical thought that we can then hold them responsible for what those thoughts make them do". Paul T. Harper, "Business Ethics Beyond the Moral Imagination: A Response to Richard Rorty," in *Leadership and Business Ethics* ed. Gabriel Flynn (Dublin: Springer, 2008), 61. Thus virtue flows from one's reasoning and from the rationality of the maxim. The idea of Kant that virtue as *moral strength of will in fulfilling one's duty* implies that virtue is purely an individual affair and which goes in tune with the above view that holds the thinking individual important and not his or her thought. The subject making decisions are right or wrong and not the decisions themselves and this is an interesting point as we are often used to say; 'it was a right or wrong decision'.

[5] Wood, "Kant and agent-oriented ethics," in *Perfecting Virtue,* 70.

criteria set to judge an act as virtuous or otherwise. It is for the same reason that his concept of virtue does not accommodate conventional practices. He does not go by one's character and draw conclusions regarding how one has to act rather it is the principles of moral conduct based on reason which gives meaning to one's action. It is a disposition of one's will and not a disposition of individual's emotions or desires that make an act virtuous.

In his *Groundwork*, Kant again affirms this position by arguing that the traditional virtues such as self-control, moderation and calm reflection do not have absolute moral worth (GW 4:393-394). Thus for Kant, the virtuousness of an action lies in the moral strength of one's will rather than in the value of the character trait of an individual. This Kantian view becomes amply evident from the assertion that, "for finite *holy* beings (who could never be tempted to violate duty) there would be no doctrine of virtue but only a doctrine of morals" (MM 6:383). Kant again leaves an interesting note of warning that virtue will always bring us face to face with opposition. It involves constant struggle and therefore it includes the endurance to fight antagonism and hostility of every kind.

In the Second *Critique* dealing with the challenges of observing ones duty he writes that the "proper moral condition, in which he can always be, is virtue, that is, moral disposition in conflict" (CPrR 5:84). He calls virtue as the "capacity and considered resolve to withstand a strong but unjust opponent is *fortitude* and, with respect to what opposes the moral disposition *within us*, virtue" MM 6:380). In the *Groundwork*, he repeatedly identifies desires and inclinations as principles which oppose morality (GW 4:405) and therefore they are also the rivals of virtues which are closely associated with the moral laws.

He asserts inclinations as adversaries of morals and though they do not cause problems but constitute them. And to know the cause of the problem we need to refer to his works on *religion*. He would attribute the cause for it to radical evil in every one of us. He writes, "That in order to become a morally good human being it is not enough merely to let the germ of the good which resides in our genus develop unhindered, but that a cause of evil located within us and acting in opposition must also be combated" (RN 6:57).

Thus Kant takes the cause for an individual's opposition to virtue far beyond the inclinations deep into oneself and attributes it to the evil within each one. Thus he brings alive his concept of *radical evil* as fundamental to human nature possessing greater disposition to evil and treating it also as cause of all inclinations and desires. This clarity of the concept *Virtue* takes us to the interpretation of the Kantian theory of virtues to business and trade.

4.1.1 Corruption as Unethical Trade Practice Contrary to Virtuous Living

The evolution of ethics is fashioned by various unethical practices of the trade-world. These unethical practices have sprouted and accompanied trade and business ever since their inception into human socialization. From the hitches of the barter System to the most heinous crimes of financial scams of our Indian and international society, we have seen the ugly face of trade and business. Today they are at an alarming rise as they crop up like mushrooms from unexpected quarters. Indian polity is a witness in the recent years to 2G Spectrum Scam, Commonwealth Games Scam, Telgi Scam, Satyam Scam, Bofors Scam, The Fodder Scam, The Hawala Scam, IPL Scam, Harshad Mehta &Ketan Parekh Stock Market Scam and innumerable small and big corrupt financial practices.[6]

[6] The 2G Spectrum Scam is considered to be one of the biggest of scams in India which involved the process of allocating unified access service licenses. The scam is worth 1.76 lakh crores of rupees involving the former Telecom minister A. Raja who according to CAG bypassed norms at every stage and gave 2G license at a throw away price. The common wealth games scam is a massive loot of public money carried out even well before the sporting bonanza saw the day of light. The central vigilance commission which probed the case has found discrepancies in tenders like payments to non-existent parties, wilful delays in execution of contracts, over-inflated price tender offences and misappropriation of funds. In the Telgi scam, Abdul KarimTelgi had done forgery in printing duplicate stamp papers and sold them to banks and other institutions. This involves almost 12states of India and an amount in excess of 2000 crore rupees. The Satyam scam shattered every investor and shareholder and could be the biggest scam of the corporate history involving 14000 crores rupees. Its chairman RamalingaRaju maintained the secret for a decade with a false book of accounts and inflating revenues and profit figure of satyam. Thanks to the Tech Mahindra, the Satyam brand has been once again revived. The Bofors Scam hit the Indian society as never before in the 1980's which included the likes of Mr. Rajiv Gandhi. It hurt the Indian masses as it compromised with Indian security and defence interests. The fodder scam of 1996 saw Rs. 900 crore spent on fictitious livestock for which fodder, medicine and other animal husbandry equipment were procured. The Hawala scandal came about in 1996 involving 18 million US dollars for payments allegedly received by country's leading politicians through hawala brokers. In the list of accused also figured the name of L.k. Advani, the then leader of opposition. The IPL scam is regarding the bidding for different franchisees and the accused is Mr. LalitModi, the former IPL chief. The Harshad Mehta &Ketan Parekh Stock Market Scams eroded the shareholders' wealth and shook the share market. The Citibank fraud hit the Indian financial service industry when its culprit Mr, ShivrajPuri lured invetsors into a fake scheme using forged circulars of Securities and exchangeboard of India. The list is not ending and new cases keep coming often. SiliconIndia, "Top 10 business scams in India", Accessed from http://www.siliconindia.com/shownews/Top_10_business_scams_in_India-nid-88066-cid-3.html on 1st Nov. 2012.

Besides these notorious offences which tarnished the image of our country, our daily living brings with it innumerable petty experiences of corruption. From the cab driver who manipulates the meter to jack-up the reading to the traffic police man who drives you to thrust a 100 rupee note as bribe for a violation of traffic rule, our society is obsessed with this bug. Referring to these corruptions the *Economic times* quotes Mr. Lord Swraj Paul, the Britain-based NRI business magnate who said that the scams which have recently come to light "do not make any Indian proud" and added "Corruption should be condemned because it has become a national shame. The most difficult thing is to kill corruption completely."[7]

Thus corruption has crept into the trade-world hampering genuine commerce. Frank Partnoy, in *Infectious Greed*, claims that the cause of corruption in business is primarily due to the fact that "treasurers of industrial companies had begun operating as profit centers. Traders were left unsupervised and shareholders were ignorant of the treasurers' activities."[8] In such a disheartening scenario, it is relevant to understand corruption as unauthentic and a non-virtuous trade practice. And in the philosophy of Kant we have a viable paradigm to assess rationally this unethical practice in trade and commerce.

In Kant's pattern of thought, the virtuous living is not very different from moral living. It is a moral being who fulfills the moral responsibilities alone can be virtuous because a virtuous being acts from the moral principle of duty. So Kant writes, "A human being has a duty to carry the cultivation of his will up to the purest virtuous disposition, in which the law becomes also the incentive to his actions that conform with duty and he obeys the law from duty. This disposition is inner morally practical perfection" (MM 6: 387). His *Lectures on ethics* reaffirm this relation between morality and virtuous life: "the persistent maxim of making his will conform to the moral law, is virtue" (LE 29:611). Thus it is one's moral uprightness which controls the will towards cultivating virtues.

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[7] "Recent scams do not make any Indian proud and are a national shame: Lord Swraj Paul," in *The Economic Times*, 31st May 2011. Accessed from http://articles.economictimes.indiatimes.com/2011-05-31/news/29604361_1_national-shame-lord-swraj-paul-scams, on 10th Nov. 2012.

[8] Frank Partnoy, *Infectious Greed* (New York: Henry Holt and Company, 2003), 184.

Now, Corruption in public and private life is considered immoral and at the same time, it is also a non-virtuous practice flowing from one's *will*. As it is an act of will it destroys the goodness of the will or will does not produce a good action. It is for this reason Kant argues that, "it is impossible to think of anything at all in the world, or indeed even beyond it, that could be considered good without limitation except a good will" (GW 4:393). Therefore the rationality behind the corrupt practices is the will acting in an irresponsible manner conditioned by the empirical factors. Corruption is an unauthentic practice instigated by the unauthentic external principles and not the internal principle of autonomous reason. Kant explicitly affirms it saying, "Envy, lust for power, greed, and the hostile inclinations linked with these" which are examples of evil in people misleading one another (RN 6:94).

Therefore, for Kant these are corrupt practices leading to the heteronomy of the will which essentially depends on a hedonistic kind of motivation. Thus, Kant would see corruption as failure on the part of the will to act on reason. Autonomy is a quality of the will based on which it is a law to itself and corruption both in private and public sphere is clearly the will acting inside boundaries without freedom. Therefore an autonomous person in whom the will is free would act for the sake of the moral law and Kant adds, "neither fear nor inclination but simply respect for the law is that incentive which can give actions a moral worth" (GW 440).

As already mentioned, our world is a witness to corruption of every kind at every stage. Financial misappropriation in public administration is a replica and symbol representing its diverse forms. However, Kant does not treat the cases of corruption or corrupt practices as such rather he would see corruption as an inherent nature in human person which needs to be transcended. Therefore in trade and business, corruption appears as a projection of the presence of evil maxims. Kant writes:

> We call a human being evil, however, not because he performs actions that are evil (unlawful),but because they are so constituted as to allow one to infer evil maxims in him. Now, through experience one can indeed notice unlawful actions, and also (at least in oneself) that they are consciously unlawful; but one cannot observe the maxims, not even always in oneself, and hence the judgment that the agent is an evil human being cannot with assurance be based on experience. In order to call a human being evil, therefore, one would have to be able to infer a priori from a few

> consciously evil actions, indeed from a single one, an evil maxim lying at then basis, and from it again a basis, itself in turn a maxim and lying in the subject universally, of all particular morally evil maxims (RN 6:20).

Kant thus argues that a human person is evil or non-virtuous not because the actions performed by him are evil rather the maxims present within him as causes for the actions are evil. Thus he would argue that human being is corrupt or evil because he consciously opts for evil maxims. “The human being is evil, can signify nothing other than this: He is conscious of the moral law and yet has admitted the (occasional) deviation from it into his maxim” (RN.6:32). In *Religion within the Bare Bounds of Reason*, Kant making a shift goes beyond the wrong maxims to argue that human beings are radically evil. “This evil is radical, because it corrupts the basis of all maxims. At the same time, as a natural propensity, it also cannot be extirpated through human powers, because this could be done only through good maxims; yet if the supreme subjective basis of all maxims is presupposed as corrupted, this cannot occur. But it must nonetheless be possible to outweigh this propensity, because it is found in the human being as a freely acting being” (RN 6:37).

Ronald Green in his *Religious Reason* explores the Kantian concept of corruption. According to green, corruption is viewed as a disruption in the logical accuracy of reason. For Kant, the human person in whom we ground dignity and worth is evil. It is an issue of religion and religion should bridge this logical disruption. The transcendental doctrine of corruption is a salient feature of religion and we see it in Kant’s book one of *Religion within the Bare Bounds of Reason Alone*. Kant asserts in this work that the human persons are *evil by nature* meaning that the human persons are prone to evil. This proneness or propensity threatens the very possibility of realizing a good disposition or a virtuous state.[9]

[9] Ronald M. Green, *Religious Reason: The Rational and Moral Basis of Religious Belief* (New York: Oxford University Press, 1978), 83. Kant speaks of the propensity to evil, which we have discussed above, at three levels: “ ‘frailty’ is the tendency to let (animal) inclinations overpower one's rational choice to follow the moral law; ‘impurity’ is the need to supplement the moral law with other incentives (e.g., based on the rational impulse to compare oneself with others) before making the right choice; and ‘perversity’ is the habit of reversing the moral order in regard to the incentives determining one's choice, so that personal happiness (self-love) comes before any consideration of the moral law. These three classes of propensity must underlie the actions of ‘even the best human being . . . if one is to prove . . . [it] as universal’—i.e., a transcendental element in a system of rational religion” (RN xxv).

Firestone and Jacobs argue that it does not mean that the individuals have no responsibility because the underlying maxim may be corrupt but the specific ways and degrees in which the evil manifests itself still depends on the spontaneous exercise of each individual. The supreme maxim if corrupt cannot be rectified through human effort because the individual maxim is not an individual affair rather the maxim is adopted by the entire species. Therefore in RN 6:31, Kant calls the radical evil of the supreme maxim as *Peccatum Originarium* (original sin).[10]

Thus, Kant clearly states that the individual acts of corrupt practices are the results of the supreme corrupt maxim which the individuals cannot completely undo though the ways and means of expressing this maxim is still within one's free exercise of reason. If we consider that autonomy is the power to do anything we want then we run into trouble but Kant's way is that freedom exists only when there are moral and legal constraints. The restrictions of our choice make us to be more rational in our decisions without being led by our inclinations. Our choices can be coerced even when not forced if we don't act on rational principles.[11]

In the world of trade and business, the company's involvement in some forms of corruption may shoot from competitive necessity. When there is a stiff competition between companies producing similar products, a business unit may offer bribe either to sell its products or to procure cheap raw materials. There could be another case of corruption when a company competes for a bid and makes some payments to the employee who does not show it in the company's accounts. Again, when the payments are relatively small to managers or others involved, it is at times considered as an acceptable practice. Sometimes, it gives the impression that the salary levels are set low keeping in mind this practice of bribery. An important point to be noted here is that both parties have to be held responsible: though the one taking bribe is often treated culpable, the one offering it is also equally culpable. The Kantian code of ethics affirms it as it invites everyone to act on a maxim capable of becoming universal law first of all in one's own personal life. Duska and Ragatz write;

> The goals and purposes of the corporation are the soul of the corporation, the animating and ordering principle of organization; they give life and structure to

[10] Chris Firestone and Nathan Jacobs, *In Defense of Kant's Religion* (Bloomington & Indianapolis: Indiana University Press, 2008), 150.
[11] Altman, *Kant and Applied Ethics*, 76.

> the activities of the organization. But, there can be worthwhile missions and misguided missions. Entities can be corrupted. Corporations can lose their souls. (It is serendipitous that the root of the word 'corporation' means 'body', the word corpus in Latin). When a business strays from a worthwhile goal or purpose, it becomes corrupt. That means that, when companies forget that they are in business to provide goods and services for consumers and their animating purpose becomes pushing products and services to make a profit, they lose their vision and corrupt their souls.[12]

These words explain corruption in businesses as straying away from its worthwhile goal. The purpose of business is animating human society providing sound welfare and when they fail to do it they deviate from their business duties. According to Lynch and Dexter, "Immoral behavior in government institutions is due to vices that the exercise of virtue can curb. Unfortunately, institutions too often foster and even encourage the erosion of virtues within public administrators. Thus, reformers must reinforce the development of virtues within public administration by addressing both the individuals and the institutions."[13]

Corruption cannot be eradicated unless people begin to realize the moral law and act on it since heeding to it is virtuous living. An autonomous person is capable of being committed to societal values and institutions. Having strong character is autonomy and the inability to act on one's values is its antithesis and it constrains one's action. Today the corrupt practices reveal the incapacity of individuals to challenge the evil nature by acting on coherent and rational principles advancing towards an integrated life. Honoring the commitment to one's duty is a strong character; a virtue which the Kantian ethical code envisions.

4.1.2 Virtuous Business and Trade Practices as Conformity to One's Conscience

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[12] Ronald Duska and Julie Anne Ragatz, "How Losing Soul Leads to Ethical Corruption in Business," in *Leadership and Business Ethics*, 154.

[13] Cynthia E. Lynch and Thomas Dexter Lynch, *Ethics and Integrity in Public administration*, ed. Raymond W. Cox (New York: M.E Sharpe, 2009), 22-23.

Though often Kant is considered as someone who did not value the psychology of human emotions such as sympathy (GW 4:397-398) and their authentic worth in human living, it is often taken in the crudest possible manner that Kant rejects completely the emotional and sensitive side of our life. But, in the *Metaphysics of Morals* Kant clarifies this misreading of the *Groundwork* when he states that there are feelings which arise from pure reason and they are essential to worthy living. He mentions four types of feelings and calls them as “natural dispositions of the mind” and this list includes *Conscience* (MM 6:399). He defines it as, “practical reason holding the human being’s duty before him for his acquittal or condemnation in every case that comes under a law” (MM 6:400).

We have discussed the dominant forces of egoism in the corporate sector and how they take diverse forms and types, hindering the promotion of virtues in business places. We do witness the conflict of interests, where a business unit might apply unethical means to persuade people to commit for their brand of products with the aim of expansion of business organisation. However, the business policies which perform the promotional roles of the corporation cannot opt for a vicious path to improve its performance. There is always a conflict of interest between one’s conscience that calls for virtuous living and the demands of the business world. The trade professionals must make a tough call in this increasingly challenging competitive market. The most exciting example of such conflict is witnessed in the tobacco industry. Tobacco has been a lucrative business for years and the business is widespread with thousands of people and a lot of money as part of it. The ethical conflict is that it is an established fact that cigarette smoking is dangerous to health but it constitutes in a substantial manner for world economy.

The nature of conscience is to witness conflicts in moral choice making and to resolve them in a morally acceptable manner. And when conscience can do that then the individual moves towards a virtuous living. In the above cited example, if the decision makers of the business take sincere efforts for instance; use quality raw materials for their produce or take adequate steps for reducing the threat factor of those who buy their products then it could be said that they move towards resolving this conflict. In such a case, the concerned individual moves from a business man/woman to a virtuous individual. Quality enhancement reduces the profit margin as cost of production shoots up. The individual willingly sets apart with his margin and looks to treat the other in dignity and respect by placing the human person above money and for Kant this means acting virtuously in conformity with conscience. Kant hails such individuals and appeals to perceive these virtuous acts as acts of duty and not meritorious acts of one's generosity. He writes:

> The moral level on which a human being stands is respect for the moral law. The disposition incumbent upon him to have in observing it is to do so from duty, not from voluntary liking nor even from an endeavour he undertakes unbidden, gladly and of his own accord; and his proper moral condition, in which he can always be, is *virtue*, that is, moral disposition *in conflict*, and not *holiness* in the supposed *possession* of a complete *purity* of disposition of the will. By exhortations to actions as noble, sublime, and magnanimous, minds are attuned to nothing but moral enthusiasm and exaggerated self-conceit; by such exhortations they are led into the delusion that is not duty (CPrR 5:84-85).

These are acts which sprout from one's conscience which is virtuously done in sheer spirit of duty. When a producer takes interest to assure that his products do not harm the users, he just performs his duty and does not deserve any special merit for such actions. It is not an *extra mile* from the part of the producers rather conscience guides this moral action to be done. It is for this reason that Kant brings conscience under his list of one of the four acceptable "moral endowments" (MM 6:399).

The business policies have to be in conformity with one's internal moral law. Kant writes that, "ethical lawgiving cannot be external" (MM 6:219) for only an internal law can have conformity with one's conscience. External laws can thwart evil actions but they cannot be virtuous. It is the inner freedom evolving from the internal law which makes an individual to act virtuously. Therefore a business corporation in Kant's mind must function in conformity with the internal law of conscience. It is the inner freedom, which sets off from duty which makes the business unit an ethical endeavour. Kant writes that it is the, "doctrine of duties that brings inner, rather than outer, freedom under laws is a doctrine of virtue" (MM 6:380).

This statement from Kant upholds emphatically the role of internal moral law in Kantian scheme of things and blends one's (business) duties with virtuous living. Thus, virtue becomes the moral strength of will in fulfilling one's duty from internal moral law which is one's conscience. Affirming this Kant writes, "A human being has a duty to carry the cultivation of his will up to the purest virtuous disposition, in which the law becomes also the incentive to his actions that conform with duty and he obeys the law from duty. This disposition is inner morally practical perfection" (MM 6:387). The inner purity is an essential part of the fulfilment of duty in one's life which means acting in conformity with one's conscience.

Shaw explicates this point with an example. If you are a shopkeeper and a customer pays for his 5 dollar purchase with a 20 dollar bill and you mistake it for a ten. But you realize it after the person has left but you manage to find him and return the balance. Can we say that you acted from completely pure motives? It is possible that you acted from a desire to promote your business. And for Kant, such an exercise is morally pure, if he had acted out of duty to be fair and honest.[14] Therefore, the business policies have to be in conformity with the well discerned conscience if their business dealings have to depict a virtuous behaviour.

A trader or a dealer of a business industry should not act on selfish passion to accumulate wealth or ill treat the employees as it is against virtuous behaviour in business. There may be impulses in an individual to look out for one's well-being at the expense of others and Kant argues that people should control their impulses when it erodes their morality. Education and training in ethics make a person valiant and happy when his conscience regains freedom. This dream of Kant for humanity is clear when he writes; "the pupil must always be brought to a clear insight into the moral catechism, which should be presented with the utmost diligence and thoroughness" (MM 6:484-485). Thus, it is the enhancement of the moral law which forms the base for ethical virtuous transactions.

In Kantian understanding, Virtue clearly has a role in business, but always in the right time, place and manner. Virtue might still operate on a higher ethical plane in certain cases where people do business virtuously for virtues sake. But, Kant reproves the charity of people who do it for the joy of considering themselves noble or moral. Generosity as means to happiness and satisfaction seems to be the reason for virtuous acts in most corners of the economy wherever it takes place today.

[14] William H. Shaw, *Business Ethics* (Belmont: Wadsworth, 2002), 57.

But for Kant, virtuous acts are those done in conformity with one's conscience flowing from one's moral will.

4.1.3 Benevolent to Others as *Being Fair* in Trade Transactions

Benevolence is a virtue often understood as a disposition to do good intending kindness to others. It is often associated with pleasant feelings and inclination to do acts of charity. It is at times perceived as a strong positive emotion of respect and affection. For some, it is a virtuous act with a moral disposition but for others it is not to be messed up with morality as it has an independent domain. Kant's conception of benevolence is unique and stands in tune with rest of his moral philosophy. Benevolence based on sentiment which is highly appreciated by some philosophers like Hume[15] is considered morally unworthy by Kant unless it is motivated by duty.

From benevolence we are obliged to a certain limit to do away with some part of our welfare to benefit others without any prospect of recompense in the future. But what extent should one go in this act of sacrifice is not specified by Kant as he only states, " I ought to sacrifice a part of my welfare to others without the hope of return, because this is a duty, and it is impossible to assign determinate limits to the extent of this sacrifice. How far should extend depends, in large part, on what each person's true needs are in view of his sensibilities, and it must be left to each to decide this for himself" (MM 6:393). However Monika Betzier feels that Kant should have elaborated this view because the needs of everyone is vastly different as each one perceives differently and this sets a limit for what one should do to others. Kant does not really clarify the notion of 'one's true needs' as everyone can apply different criteria to define what one's true needs are[16].

In trade and business, benevolent to others should be a mutual affair where everyone performs it as a duty. Delta Air Lines is a major airline based in the United States, known for its healthy relations with employees. For several years, it was the only non-unionized airline which benefits extensively from the cordiality of the workers. Some years ago, the employees were so pleased

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[15] Departing from moralists like Kant who devalue inclinations and feelings, Hume relies extensively on sentiments and inclinations in his philosophical pursuit. He articulates: "man is a being, whom we know by experience, whose motives and designs we are acquainted with, and whose projects and inclinations have a certain connexion and coherence, according to the laws which nature has established for the government of such a creature." David Hume, *An Enquiry concerning Human Understanding* (New York: Oxford University Press, 2007), 104-105.

[16] Monika Betzier, *Kant's Ethics of Virtue* (Berlin: Walter de GruyterGmbH & Co., 2008), 241.

with the treatment from the airlines' owners that they contributed and bought a passenger jet for the company.[17] This is an extremely exciting gesture from the part of the employees of the Delta Air Lines, which expresses the healthy relationship existing between the proprietor and the employees. The benevolence shown by the employer pays off. Here, the benevolence is not to be considered as charity or generosity of the employer rather simply as *being fair* towards those involved in the success of an industry. Thus, the ethical responsibility of the owner is not just paying for the work done, but also being fair to them by willing to part with the excessive profits made by the business.

Another case study shows that some years ago, a senate subcommittee heard the testimony of many of the workers of a cotton mill who were victims of *brown Lung*[18]. These workers were demanding to put in place a law which would guarantee disability compensation to these workers. After the hearing, the senator Thurmond pointed out that the workers' demand was fair.[19] Disputes and disagreements of this sort have to be considered in the light of justice and being fair. Here, it may be seen by the employers as an act of benevolence towards the affected employees as they are already paid for the work done as per the agreement. But, the fact of the matter is that it is to be taken as the right of the workers to get the compensation, for the disease is contracted during the time of work.

Thus, the point here is one of compensatory justice.[20] It is restoring to a person what one had suffered while working for the owner. Though, certain loss such as contraction of disease at work place are impossible to measure and appropriate compensation is not possible, the law of fairness holds that those affected get at least their medical expenses covered besides their regular payment. This is not an act of benevolence rather being fair to the victims.

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[17] Hartman and Chatterjee, *Perspectives in Business Ethics*, 233.

[18]*Brown Lung* is a lung disease caused by exposure to dusts from cotton processing, hemp and flax. The small airways get blocked and badly harm lung function. It is a chronic disease which disables the respiratory system with the symptoms of asthma. It often leads to the premature death of the workers. Velasques, *Business Ethics*, 105.

[19] Ibid.

[20] Traditionally, the ethicists have argued favouring any compensation to an injured party only if three conditions are present. Firstly, the action that inflicted the injury was wrong or negligent. Secondly, the injury done to an individual is caused by another person's action. Finally, there should be some amount of consent from the other party, meaning that the person concerned inflicted the injury voluntarily. Ibid., 122.

The law of fairness also applies to the customers when they suffer at the hands of manufacturers. An out dated product or a product sold with manufacturing-defect certainly needs to be replaced and it is not an act of benevolence to the customers rather simply being fair to them. Some years ago in the 1960s, some of the radios sold by J.C Penney were reported for catching fire when they were used by the customers in their homes and later when tests were carried out, it was found to be true in some cases, though in less than one percent. But J.C.Penney immediately withdrew the entire line of radios and ran advertisements to create awareness among the public about its danger. To his credit, the vice chairman of the J.C Penney Corporation Mr. Robert Gill did not treat it as an act of benevolence, rather acknowledged saying, "I guess some people might have thought that we were crazy... But we felt we just could not sell that kind of product."[21]

Moreover, today we have the consumer protection acts which ensure that the business transactions are fairly carried out. The Indian Consumer Protection Act, 1986 provides severe disciplinary action on any trader on whom the complaint is registered for failure of product safety. Its article 25 (1) reads: "Where a trader or a person against whom a complaint is made or the complainant fails or omits to comply with any order made by the District Forum, the State Commission or the National Commission, as the case may be, such trader or person or complainant shall be punishable with imprisonment for a term which shall not be less than one month but which may extend to three years, or with fine which shall not be less than two thousand rupees but which may extend to ten thousand rupees, or with both."[22] Thus, being just and fair are the necessary ingredients of business transactions and they are not to be considered as benevolence or generosity.

This view is well complemented by Kant when he states, "the maxim of benevolence is a *duty* of all human beings toward one another" (MM 6:451, emphasis added). For Kant, being benevolent to others is not charity but a *duty,* which everyone should fulfil invariably, irrespective of the status

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[21] Shaw, *Business Ethics*, 357.

[22] The Consumer Protection Act, 1986, article 25(1). Accessed from http://ncdrc.nic.in/1_1.html on 23rd Oct 2012. The Consumer Protection Act of 1986 was enacted as an aftermath of a series of consumer protection agitations. It was meant to cater to the interests of the consumer and to establish consumer councils to solve amicably consumer issues. On 9th December, 1986, this act was passed in LokSabha and on 10th December, 1986 in RajyaSabha and acquiesced by the President of India on 24th December, 1986. It was published in the Gazette of India on 26th December, 1986 and subsequent amendments were made in 1991, 1993 and 2002. "Consumer Protection Act India," Accessed from http://www.legalhelpindia.com/consumer-protection-act.html on 23rd Oct 2012.

of one's life. Therefore in business and trade, benevolence in the sense of compassion or generosity does not exist for Kant. For him, it goes even beyond being fair and becomes an obligation and a moral responsibility.

Kant categorically affirms benevolence when he writes, "what is meant here is not merely benevolence in *wishes*, which is, strictly speaking, only taking delight in the well-being of every other and does not require me to contribute to it; what is meant is, rather, active, practical benevolence, making the wellbeing and happiness of others my *end*" (MM 6:452).[23] Kant here qualifies benevolence as practical and not as a mere *wish* where one involves actively adding happiness to the other. And in the context of producer-consumer business transaction, being practically benevolent would mean desiring justice for the workers and being fair to the consumers both in product pricing and quality control. For Kant, only such benevolent gestures can bring forth the desired happiness and well-being of all.

By interfacing benevolence with duty, Kant adds another germ into his theory of virtues. Duty is essential to the Kantian theory of virtues and by postulating benevolence as a duty of all human beings, Kant adds grip to his doctrine of virtues for he writes, "as a philosopher, (one) has to go to the first grounds of this concept of duty, since otherwise neither certitude nor purity can be expected anywhere in the doctrine of virtue" (MM 6:376). Kant envisages benevolence to be an act of duty, because, according to him, generous natural emotions such as sympathy and love have no moral worth, though they can support healthy moral life. These qualities may be treated as commanding respect and admiration, but not moral worth and so they are neither duty nor virtue (GW 4:398). Kant adds a new dimension to benevolence when he asserts that practical benevolence is beneficence (MM 6: 452).

Thus benevolence is essentially practical and trade and business is a perfect forum to be benevolent to others which is beneficence. Benevolence is a duty and an act of love (MM 6:451) for duty. Since benevolence is a duty, it should be carried out towards oneself and others and in

[23] Kant makes a distinction between benevolence and beneficence. He defines benevolence as the, "satisfaction in the happiness (well-being) of others" and beneficence as the, "maxim of making other's happiness one's end" (MM 6:452).

such actions it becomes practical. Therefore, benevolence would merely remain a *wish* (“what is meant here is not merely benevolence in wishes” ([MM 6:452]), if it does not become practical and in its practical sphere it is a virtue and a duty. Thus, benevolence in business dealings is a duty and it is brought about when one acts purely on account of duty by being fair and just in all transactions.

4.1.4 Virtue as Fulfillment of Trade and Business Duties

In the *Groundwork*, Kant’s principle of morality gives rise to a fourfold set of duties which we have discussed in the first chapter. Here, we study the application of Kant’s duties in trade transactions and its fulfilment as virtue. Kant’s virtue theory is not foreign to morality and duty in particular. For Kant a virtuous individual is primarily dutiful and responsible towards his moral life. We have the words of confirmatory on this in *The Metaphysics of Morals*: “To every ethical obligation there corresponds the concept of virtue, but not all ethical duties are thereby duties of virtue… Only *an end that is also a duty* can be called a duty of virtue” (MM 6:383). Again Kant clubs ethics and virtues together when he writes that, “as a philosopher, has to go to the first grounds of this concept of duty, since otherwise neither certitude nor purity can be expected anywhere in the doctrine of virtue” (MM6:376).

Thus, Kant always takes virtue and duty in the same footing though every act of duty cannot be a virtue. However, it is acceptable for Kant to argue that virtue is the fulfilment of one’s ethical duties in trade and business, since ethics in business is also an end which is the criterion for an act of duty to be a virtue. Therefore, in the trade-world, when an individual or organization performs their ethical duties considering them as ends, meaning doing them for the sake of duty, they are treated as virtues. And only in this sense that commerce or business transactions may be treated as virtues.

Today, we hear in the business-world about social responsibility which is getting momentum at least in the academic circles. A business unit has to look beyond the interests of its stockholders for fulfilling its social responsibility. The corporate social responsibility may be understood as the voluntary contribution of the companies towards a better society. The companies should set broader societal goals in a spirit of social responsibility.

Corporate social responsibility is vital, because businesses are based on trust and maintaining trust with customers and employers can be easily jeopardized if not attended to, in a spirit of social responsibility. In the chronicles of history we do have examples, where governments were forced to roll back and companies without social motives were simply discarded by the people. For instance, in April 1962, the increase of Steel prize by U.S. Steel was revoked by President Kennedy due to the public display of anger.[24] This is a clear instance where when the governments or companies fail to uphold the social responsibility, people would demand and enforce it. The doctrine of social responsibility upholds that single-handed decisions by the corporations are unjust and decisions which involve society must be public decisions.

The corporate units have to monitor inflation and price rise which is a social responsibility and avoid passing the buck on the government, though the taxation policy of the government may have a say on the cost of production. This view may not be agreed upon by some who feel that the social responsibility is ultimately on the government and not on the business unit. Friedman observes regarding the use of corporate funds for charitable purposes that, "such giving by corporation is an inappropriate use of corporate funds in a free-enterprise society. The corporation is an instrument of the stockholders who own it. If the corporation makes a contribution, it prevents the individual stockholder from himself deciding how he should dispose of his funds."[25]

This view goes in tune with the economic thought of Adam Smith, who is acclaimed as the father of modern economics for his contribution to free trade. He wrote in *The Wealth of Nations* in support of the individual interests, "By pursuing his own interest, he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good."[26]

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[24] Milton Friedman, "The Social Responsibility of Business," in *Ethical Theory and Business*, 136. It happens often in different countries, when the prices of commodities rise drastically, the public outcry would force governments and companies to roll back on the price hike. In India too, we have numerous instances of the rolling back of the petrol prices by the central government and waving off of sales tax for petrol by the different state governments with the recent being the case of the Kerala government which waived off the sales tax for petrol in September 2011, due to public protest.

[25]Ibid., 137.

[26] Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations,* Vol.1, 456.

It is unfortunate that the corporate social responsibility is not treated as a virtue in business. There are many liberal economists who are up in arms to abolish social responsibility of any type. Theodore Levitt writes, “Welfare and society are not the corporation’s business. Its business is making money, not sweet music. The same goes for unions. Their business is ‘bread and butter’ and right jobs. In a free enterprise system, welfare is supposed to be automatic; and where it is not, it becomes government’s job... Government’s job is not business, and business’s job is not government.”[27]

Such compartmentalised distinction is unhealthy to the very fabric of human society which is communion in nature where everything is linked to each other. Though lowering of the corporate tax by the government would help the companies in promoting social welfare, it should not be left entirely to the government rather the corporations have to take the lead in promoting social responsibility.

When Kant defines virtue as the fulfilment of duty, it means that he refers to the common good and not merely performing one’s personal duties. Therefore, when applied to the business world, Kant would vouch fervently for a corporate social responsibility as he sees virtue as duty. It is in carrying out one’s business duties as perfect as possible in a spirit of humanity that it becomes a virtue. Kant would not subscribe to the view that corporations have no social responsibility, for his concept of duty is *duties of wide obligation,* which he elaborates when he distinguishes between the subjective pleasure and the objective one, going beyond subjective satisfaction.

He writes that the subjective pleasure, “could be called *sweet merit*; for consciousness of it produces a moral enjoyment in which human beings are inclined by sympathy to *revel*. But, *bitter merit*, which comes from promoting the true wellbeing of others even when they fail to recognize it as such, usually yields no such return. All that it produces is *contentment* with oneself, although in this case the merit would be greater still” (MM 6:391). It is here we witness Kant pushing for a greater corporate social responsibility, where one experiences greater contentment while promoting the happiness of others. Thus, social welfare is a duty and the fulfilment of duty is virtue.

[27] Theodore Levitt, “The Dangers of Social Responsibility,” in *Ethical Theory and Business*, 139.

4.1.4.1 Virtue as Duty towards Oneself in Business

In *Groundwork*, Kant presents his famous classification of duties (GW 4:421- 422) which we have already enumerated in a previous chapter. The focus here is how an individual expresses his duties towards oneself in business and at the same time making it also a virtue. For Kant the ethical lawgiving cannot be external (MM 6:219) and therefore ethics is primarily a duty towards oneself. This realization is of utmost importance in business. A failure to realize that the moral law evolves from within oneself will lead to corruption in public life as external laws are empirical and devoid of purity. Being motivated in a virtuous manner is a constant striving and one cannot entirely know whether one has realized what one has strived for, even with respect to individual behaviour. The first command of all duties to oneself is to know oneself which means scrutinizing oneself (MM 6: 441).

In the face of ever growing business misdeeds, it is important to inculcate the Kantian model of ethics into business structure and business schools. It is the personal realization of one's moral responsibility as residing deep within one's nature and unearth it in a spirit of duty is the base for virtuous business and trade practices. It cannot be guaranteed by even the stringent of external laws as we have seen over centuries the growing trade malpractices. But the realization of the moral law as envisaged by Kant has an advantage because it evolves from one's nature and choice and not enforced externally. It encourages from within the application of ethics by business manages and leaders by promoting moral development and moral reasoning. It makes the business managers to be conscious of virtues and vices of human character in tune with the deontological principle of obligation to act from within.

This view is supported by John Hasnas, according to whom all the normative theories relating to business rely tremendously on the moral force of individual consent because every business functions on principles of agreement between members. Every business is essentially a voluntary association with a network of contracts and therefore they have certain ethical obligations to each other. These agreements have to arise from the consent of everyone involved including the managers. This would mean that an adequate normative theory of business ethics is inevitable which will capture the obligations of individuals who enter willingly into these agreements that constitute business. [28]

Given the complex nature of relationships and agreements involved in business, it is a daunting task to devise a single normative theory which can adequately combine various aspects of business contracts. But it should not detract us from making an effort in that direction since the human reason is the authority in every agreement and it can articulate sound principles. However, it could be said that Kant's theory comes close to providing a viable normative theory for basing all business agreements because of the fact that these agreements depend hugely on consent of the will and the Kantian moral code also relies on reason acting on one's will which is internal to the individuals.

Thus, both of these have a common origin within the individual and therefore depend on the consent of the will and the authority of reason. The utilitarian theory for example depends hugely on the aftermath of actions and therefore conditioned by external factors which the deontological model of Kant brilliantly escapes. The Kantian code of ethics affirms the individual obligation in a business agreement which is a moral duty towards oneself. Therefore the Kantian ethical theory presents the base for business and trade practices by providing an appropriate normative theory which is duty-bound, virtuous and internal respecting business agreements which is the foundation of commerce.

4.1.4.2 Duties of Virtue towards Others in Trade

We have seen that virtuous life is a duty towards oneself as it evolves from the internal maxim which is primarily a law to oneself. This internal experience of the maxim guides one towards ethical practices in trade and business leading to virtuous living. However, morality and virtue are not solely an individual affair as it always involves others and society. Therefore every individual has a duty to the other and ethics and virtue are relevant only in the context of other human beings. Kant was conscious of it which leads him to present his duties towards others and evidently manifested in trade and commerce as it is a massive human affair.

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[28] John Hasnas, "The Normative Theories of Business Ethics: A Guide for the Perplexed," *Business Ethics Quarterly* 8, no. 1(1998):34-35.

For Kant everyone has a duty to the other and we are under obligation to help others and for these actions to be meritorious, we need to make the other person feel that our help is indeed owed by the other because the favour we do for the other implies that his wellbeing depends on our generosity (MM 6:448). Therefore Kant states that the act of kindness towards other is not charity but duty. We should not make the other feel that his existence in some measure is at our mercy rather "spare him humiliation and maintain his respect for himself" (MM 6:449). This applies to commerce and trade transactions and forms the core of ethics for these organizations involved in it.

This Kantian concept of duty towards others is the basis for civic and community affairs, a normal rubric for genuine trade and business. Though it is not widely followed by most business units, it is at least recognized by certain companies as their goal. For instance, Johnson and Johnson's vision statement *Our Credo* owes tremendously to a lot of people. It reads:

We believe our first responsibility is to the doctors, nurses and patients,
to mothers and fathers and all others who use our products and services.
In meeting their needs everything we do must be of high quality.
We must constantly strive to reduce our costs
in order to maintain reasonable prices.
Customers' orders must be serviced promptly and accurately.
Our suppliers and distributors must have an opportunity
to make a fair profit.

We are responsible to our employees,
the men and women who work with us throughout the world.
Everyone must be considered as an individual.
We must respect their dignity and recognize their merit.
They must have a sense of security in their jobs.

Compensation must be fair and adequate,
and working conditions clean, orderly and safe.

We must be mindful of ways to help our employees fulfill
their family responsibilities.
Employees must feel free to make suggestions and complaints.
There must be equal opportunity for employment, development
and advancement for those qualified.
We must provide competent management,
and their actions must be just and ethical.

We are responsible to the communities in which we live and work
and to the world community as well.
We must be good citizens – support good works and charities
and bear our fair share of taxes.
We must encourage civic improvements and better health and education.
We must maintain in good order
the property we are privileged to use,
protecting the environment and natural resources.

Our final responsibility is to our stockholders.
Business must make a sound profit.
We must experiment with new ideas.
Research must be carried on, innovative programs developed
and mistakes paid for.
New equipment must be purchased, new facilities provided
and new products launched.
Reserves must be created to provide for adverse times.
When we operate according to these principles,
the stockholders should realize a fair return.[29]

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[29] "Our Credo," Johnson & Johnson, 1979, Accessed from https://docs.google.com/viewer?a=v&q=cache:8f4A8ryGksJ:www.eauc.org.uk/file_uploads/johnson_and_johnson_1.pdf+Our+credo+Johnson&hl=en&gl=in&pid=bl&srcid=ADGEESiYr8pmu4YCeyWCvrhiVQec9bYFh3j8z2OPv on 1st Nov. 2012.

Our Credo of Johnson & Johnson in principle agrees with the Kantian principle of duty to others as duties *owing* to them. It categorically affirms in unequivocal terms that they owe a responsibility to a series of men and women who are associated with their products one way or other. It also acknowledges the commitment they have towards the community they live and work with and the moral duty towards their wellbeing. It also assures that they just don't perform minimum duties to the society rather contribute constructively towards advancement and growth. It is at its best when it states: "We must respect their dignity and recognize their merit." This is the core of Kantian ethics best expressed in the categorical imperative which calls treating everyone as end and not means: "So act that you use humanity, whether in your own person or in the person of any other, always at the same time as an end, never merely as a means" (GW 4:429). Therefore in trade and commerce the stress should be to perceive business as duty of virtue which is endorsed in principle by most of the vision statements of different companies such as Johnson and Johnson.

We have the duty and obligation to support the needy, yet while this obligation may be such that our action will be meritorious, we should make the poor person feel that our meritorious help is indeed owed by the concerned party. And according to Kant it is done for the sake of duty in respect for the other and in doing so we "spare him humiliation and maintain his respect for himself" (MM 6:449). This expansion of his theory of duty is all the more clear when he writes that the virtue of duty calls for promoting the wellbeing of others in need, "without hoping for something in return" (MM 6:453). Thus Kant's principle of duty towards others emphasizes the selfless nature of human beings and recognizes charity as duty. And this is a unique contribution to normative theories of ethics and a new addition of perspective to virtue ethics. However, Kant's theory of virtue does not sanction element of evaluation in deontological categorizing, since, for him, no action can be good except when done from duty, and so every good action must be done as part of one's adherence to duty.

Though Kant brings virtue within the confinement of duty, he upholds the essential nature of virtue as well and it is not completely outrun by the priority of duty which may be considered an overdose by some. Virtues, as we know are enduring characteristics which are not practice-specific meaning that they are not reference points to any particular actions rather general traits of human persons.

They are inevitable for the thriving of any practice. Virtues empower the individual to attain the goods pertaining to practices, and the attainment of those goods across a range of practices and over a period of time is helpful in one's search for and effort toward his or her own *telos*. Kant writes: "Virtue is always in progress and yet always starts from the beginning. – it is always in progress because, considered objectively, it is an ideal and unattainable, while yet constant approximation to it is a duty" (MM 6:409).

Thus virtuous living is a constant striving towards progress and one can never be assured of being attained what one has strived for. It is further ascertained when Kant says that, "A human being cannot see into the depths of his own heart so as to be quite certain, in every single action, of the purity of his moral intention and the sincerity of his disposition, even when he has no doubt about the legality of the action" (MM 6:392). These references tell us that in the mind of Kant, the virtuous life is a struggle where virtue is an ideal which is persevered by one's dutiful striving. Thus Kant brings virtue within the realm of duty yet valuing its independent existence and at the same time asserting that it is the duty towards others that gives meaning and purpose to virtues.

In trade and business, duty towards others implies not just duty to individuals but also institutions. And, in this context it could be ascertained that virtue is not merely a character of the individuals such as managers, shareholders or consumers rather it also pertains to institutions. An institution can also reveal the level of its virtuous character through the manner it performs its duty towards others. Though an institution comprises individuals, the entire unit may be considered virtuous if it functions on a common manifesto.

According to Geoff Moore, "A virtuous institutional character, then, might be defined as the seat of the virtues necessary for an institution to engage in practices with excellence, focusing on those internal goods thereby obtainable, while warding off threats from its own inordinate pursuit of external goods and from the corrupting power of other institutions in its environment with which it engages."[30] Thus there is not merely the virtuous personal character but also the virtuous institutional character and therefore there is the duty towards others from the point of an institution.

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[30]Geoff Moor, "Virtue Ethics and Business Organizations," in *Normative Theory and Business Ethics*, ed. Jeffery D. Smith (Plymouth: Rowman & Littlefield Publishers, Inc., 2009), 48.

4.1.5 Vices: Non-Virtuous Practices in Business and Trade

The exciting aspect of Kant's way of describing virtue and vice is that he does not attempt to define first what a good character is and then draw conclusions regarding how we ought to act on that basis. His approach is radical as he first presents the principles of moral conduct based on his philosophical account of rational agency, based on which he defines virtue and vice as ways of acting on these principles. Therefore as we have discussed virtue which is unlike in Aristotle is acting on principles so also we call something as vice because it is immoral going against certain fundamental principles of morality.

Kant affirms it in the *Metaphysics of Morals* when he says that "it is when an intentional transgression has become a principle that it is properly called a vice (*vitium*)" (MM 6:390). It is the principled immorality which becomes a vice. So, there is nothing vice as such unless done intentionally. For instance, gossip may not be considered a vice if it has become habitual and done without intention. Therefore vice is a principled transgression of the moral law. It is for this reason that Kant has rejected what has stood for centuries as Aristotelian view which defines virtue as mean between virtues. Kant writes: "The distinction between virtue and vice can never sought in the degree to which one follows certain maxims; it must rather be sought only in the specific quality of the maxims (their relation to the law). In other words, the well-known principle (Aristotle's) which locates virtue in the mean between two vices is false" (MM 6: 404).

With such explanation of virtue as a trait grounded on moral principles and vice as principled transgression of moral law, Kant presented an alternative approach to understanding vices. He attempted to define them as such without making them depend on vices even for their description. If we accept vices are extremes then virtues are understood only in terms of vices and they don't have any principle to define themselves. And even in their theoretical description virtues are at the mercy of vices as they become the reference points of virtue (mean between vices).

For instance, an individual might have certain virtues that depend on the vice of cowardice. We consider here Jones who is law-abiding but not very courageous. And it is possible that Jones lives in moral fear of being punished in case he acts immorally. His genuineness of character is best tested when it really matters. His moral worth depends how he would act in concrete situation which affects him personally without being concerned about the viciousness of his nature rather acts purely from virtue.[31] It is in this sense that Kant's account of virtue and vice become extremely important to us as Kant gives an independent status to both describing purely from absolute principles.

With this theoretical description of vice as presented by Kant, it is important that we single out the non-virtuous practices in trade and business. It is certain that trade creates lot of vicious persons in the society as it involves money which everyone uses and works to get it. It is the medium of exchange and a gigantic intellectual discovery in history. Its uses are high and need is ever increasing that the human beings apply diverse methods to obtain it which at times includes the unethical ones. Therefore trade and business which involve money brings forth non-virtuous or vicious persons which threaten morality. Morse writes: "a business encourages vicious persons when it both promotes desires for material goods above and beyond what is necessary for the good life, and when it requires that its members pursue excessive profit regardless of the normal confines of justice. In the scenario in which it creates vicious persons, it no longer performs its proper function in society, namely, to promote the good life by providing for the material necessities of its citizens."[32]

Thus today, it is trade and business in which we find vicious practices and persons than in any other human activity. When the business unit targets only profit and financial solidity it takes a vicious path diverting from the virtuous road, which might strengthen the company but endangers the fabric of human society. This calls for an intense application of Kantian ethics of virtue to counter the threats of vices which art the non-virtuous practices in business.

4.2 Kant's Doctrine of Right as the Pedestal for Fair Trade and Business

The term *right* can be understood as a person's entitlement to a particular thing. We can assume that one has a right when that person is able to act on the other. *Right* involves entitlement which

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[31]Edwin M. Hartman, "The Role of Character in Business Ethics," *Business Ethics Quarterly*, Volume 8, no. 3 (1998): 550.

[32] Morse, J., "The Missing Link between Virtue Theory and Business Ethics," *Journal of Applied Philosophy* 16, no. 1 (1999): 54–55.

empowers a person to perform an action. *Rights* are generally divided as moral rights and legal rights. Moral rights are based on certain moral norms which the human beings are entitled to have or empowered to perform irrespective of where they live, while, the legal rights are applicable only to certain places under specific judicial territory. Moral rights have no territorial limits as they are related to the individual, for instance; the right to one's life is a moral right, regardless of the legal system of the place.[33]

However, Kant's concept of *right* differs from the traditional presentation of the term *right*. Kant adds a twist to the concept of *right* by clubbing it with freedom. He defines right as, "the sum of the conditions under which the choice of one can be united with the choice of another in accordance with a universal law of freedom" (MM 6:230). Thus, the Kantian understanding of right offers no possibility of *clash of rights* between individuals. In life situations more often than not, we witness violation of rights leading to clashes when one person's right oversteps into that of the other. But, Kant's ethical system is so comprehensive that it embraces common interest whereby the rights of different individuals leading to clash are aborted.

Since, everyone is called to abide by the universal law of freedom; the Kantian system of *rights* bypasses the inherent tendency to conflict. In Kantian morality, individual rights are not based on individual freedom rather relies on its universal understanding. Kant is emphatic when he states that, "Freedom, insofar as it can coexist with the freedom of every other in accordance with the universal law, is the only original right belonging to every man by virtue of his humanity" (MM 6:237). Thus, Kant narrows down the various rights to one, the right of freedom, which is fundamental in the light of which all other rights derive their meaning.

Today, in trade practices *rights* has become a significant point of deliberation. Everyone from the General Manager (GM) to the last user of the product of a firm wants their rights upheld. The GM as an executive in a business operation expects that his rights are not infringed upon while the consumers feel that it is their right to get quality-products. And Kantian theory of *rights* with its emphasis on freedom seems to offer a suitable normative theory for genuine trade and business.

[33] Velasquez, *Business Ethics*, 90-91.

We live in an age which is witnessing an increase in economic globalization. Business and exchange with in country was the trademark of commerce for centuries. But the situation is different today as the recent years have seen rapid expansion and growth of international trade. The MNCs (Multinational Corporations) work in various political jurisdictions which have different legal structures regarding product manufacture, consumer protection, safety measures of workers and environment safety. The laws regarding these are different in the host nations of these MNCs and therefore we have a greater responsibility to respect the rights of those involved and the laws of these countries where MNCs operate. Kantian doctrine of rights plays a significant role in this process.

Thus *Right* involves the existence of laws and Kant approves the existence of laws in society. He argues from an ethical perspective that laws are mandatory "however well-disposed and law abiding men might be" (MM 6:312). In *Groundwork* he states that it is the quality of only the rational beings to act on laws; "Only a rational being has the capacity to act in accordance with the representation of laws" (GW 4:412). Thus laws are essential to protect the rights of each other and every rational being has the disposition to act upon laws. Therefore with these sound principles the Kantian doctrine of Right has great significance for local, national and international trade and business which is further explored in the following sections.

4.2.1 Kant on the Rightful Possession of Things or Commodities

We claim that someone is in rightful possession of a thing when the concerned person has the right to make use of that object. If one has no right over a thing, it would imply that such a thing is beyond the possession of that person. This also implies that a usable object is beyond the possible use of an individual since he has no right over it. However, another person may have a right of possession over it, or the same person can own it at a later time. As we have discussed above, Kant considers that such a condition does not contradict the principle of right to possess, because it is everyone's freedom in accordance with universal law, to have a right over a thing.

When we possess a thing, it becomes our own property and Kant defines property as that "with which I am so connected that another's use of it without my consent would wrong me" (MM

6:245).[34] This definition of *property* in business ethics makes a significant contribution, since no one can use unethical means for the infringement of each other's rights over their things. We can consider an example here. The law of business ethics considers *trademark* as a property of the respective business corporation. Usually, the Proprietary rights of trademarks come about through its actual use as a brand logo or sign on the products or through an act of registration. It would be considered an offense by Kant if someone infringes the trade mark right of the other which has become one's property either by use or registration, because I am closely related with my property and one cannot access it without my consent. Kant would further explicate and assert that, "the object is *mine* because my will to use it as I please does not conflict with the law of outer freedom" (MM 6:253).

Kant is deeply concerned about any unilateral declaration by one party that a thing belongs to it, for such acts would violate the freedom of others. In Kant's words, "Now, a unilateral will cannot serve as a coercive law for everyone with regard to possession that is external and therefore contingent, since that would infringe upon freedom in accordance with universal laws" (MM 6:256). Everyone should admit that he is compelled to desist from using things which does not belong to him. Though one is free to use his will and have things of his choice, one cannot do it by jeopardising the freedom of the other; rather, any possession should be made in relation to the universal law of freedom. Thus, in business ethics, Kant's use of freedom based on the law of universal freedom is greatly relevant.

In a business scenario, where competition has become the order of the day, the sales promoters and marketing managers use various ploys to outsmart the other including some unethical ones. In this process, the freedom of the other is encroached as they constantly step into each other's rightful possessions. We have numerous examples of this namely; copyright violations, pirated

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[34] Kant presents a classical distinction of property with regard to its three types. Firstly, it is the right to a thing, an example of which may be, *land*, a corporeal object in space which I possess even when I am not there and not only when I am there. The second is the right against a person, which is a right to bully someone to perform an action which may take place sometime in the future and may be considered as a contract right. This in some measure includes other's right with in my right. The third is the most contentious of Kant's classification in which he includes spouses, children, and servants whom I cannot call as *mine* but may possess them under certain circumstances (MM 6:247-248).

software, stolen trademarks and duplicating popular brands. It is here that Kant's universal law of freedom becomes an extremely significant code of conduct for the rightful possession of things.

For Kant, these violations mean a lot more than merely taking hold of someone's property. Kant considers property as a relation between persons, not a relation between a person and a thing (MM 6:260). Therefore when a person attempts to possess something that does not belong to him, the issue pertains here is not between the possessor and the possessed rather between two possessors. Illegal possessions go against the categorical imperative which states, "*rational nature exists as an end in itself*" (GW 4:428). Every rational being is an end in himself and we cannot treat the other as means and therefore for this reason any illegal possession is unethical.

Ripstein observes that Kant's theory of property is all about a relationship between persons and how to persist in such relationships, even before they can think about the relationship with the thing that they have just owned through the new acquisition. Kant's emphasis is not on the efforts made to acquire the thing rather he focuses on the result of such acquisition: only the owner has the right to use it for his needs and not anyone else. Here, one just does not acquire a thing rather the *right* to use it the way he likes. Using even legitimately does not guarantee the right to decide the future use of a thing or limit the access of someone from using it. The possession of a thing is a matter of owner's choice and another person who uses the particular thing deprives the owner of that choice[35].

Thus, Kant takes the right to possess a thing to a new high by presenting it as a relationship between two individuals rather than a thing and an individual. This awareness is a significant need today as we witness unfair trade practices being carried out purely on cost-benefit analysis. The one who sells a product only thinks of disposing a thing and so does not worry about doing it in any way. But, when one can see it as a commitment to the other person who buys the thing the perspective of the seller changes and he sees any violation as offense of a higher grade. This would in turn lead to valuing business norms and move towards fairness in trade and commerce.

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[35]Arthur Ripstein, "Kant on Law and Justice," in *The Blackwell Guide to Kant's Ethics*, ed. Thomas E. Hill (West Sussex: Blackwell publishing Ltd., 2009), 168.

4.2.2 Rationality of *Contract Rights* in Business and Trade

Every business deal is a relationship in contract. Even the customer who purchases a pen worth only a penny still enters into a contract. There is a contract between the employer and employee and producer and consumer. Besides, there are other contracts as well in business which may be among the shareholders and owners, between the sales agents to the retailer etc. Every firm has a duty to customers which is inherently a contractual relationship. When a consumer buys something, he enters into a contract with the firm which assures goods of certain specific characteristics and the consumers in return agree to pay for the same. It implies the basic duty complying with the agreement made by both the parties.[36]

Looking from the Kantian perspective, it may appear that in a contract the individual is used as a means because, when I employ someone to sell my products, there is a contract between me and the employee, where the other serves as a means to perform the job. But, in order to have a right perspective we need to look into Kant's definition of *contract rights* which reads, "my possession of another's choice, in the sense of my capacity to determine it by my own choice to a certain deed in accordance with laws of freedom is a right; but there is only a single sum of laws, *contract right*, in accordance with which I can be in this sort of possession" (MM 6:271).

Thus for Kant, contract is the united choice of two persons and he would consider both the parties as ends in a contract. Therefore, any infringement of the contract would be considered disrespecting the humanity in the other. For Kant, "By a contract I acquire something external... what I acquire directly by a contract is not an external thing but rather his deed, by which that thing is brought under my control so that I make it mine. By a contract I therefore acquire another's promise and yet something is added to my external belongings" (MM 6:274).

Thus Kant states that by a contract, it is not that I gain something external but there is a deeper bond which it generates. It is by this that I involve with the other in a spirit of commitment, for every deed calls for a common action. There is a mutuality which is shared by both parties which has to be sustained till the end of the execution of the contract. This is the key to the success of

[36] Velasquez, *Business Ethics,* 340.

any business today. Every business deal brings along with it both external and internal aspects. The external could be the transportation of goods or services agreed upon in the contract, while the internal is the deed or the promise which comes directly to me. Kant gives a deeper meaning to the contract rights in business. Any attempt to dismantle an established contract for Kant would mean disrespecting not just the external person but also the internal i.e. the dignity of the human being which the second formulation of the categorical imperative upholds.

Ripstein observes that, "In a contract, I have given you that thing, as a matter of right, and so if I fail to deliver, I wrong you in the way I would if I took it back. In cases of contract, one person has the use of the other's powers, as specified by their agreement, without having possession of the other person."[37] When a contract is signed there is a mutual use of each other's powers but at no instance possession of another person may be tolerated. This view is at par with Kant's moral scheme which does not permit the possession of other to obtain one's objectives. Contract is not a right against another person for Kant says, "I cannot acquire a right against another through a deed of his that is *contrary to right* (*facto iniustoalterius*)" (MM 6:271).

Thus in the view of Kant, contract does not entitle one to possess the other rather it is bringing together by agreement the individual wills of both parties. It is not the performance of two separate acts performed by the parties or not even pairing of interlocking acts but performance of a single act by both wills of individuals concerned. This rare type of relation can only be understood if their individual acts are considered to be expressions of what Kant calls a "united will of all" (MM 6:314).

A contract does not confer an entitlement to have something happening as automatic event rather it confers an entitlement specifically on individuals involved to make that thing happen. It is where we need to view business contracts as acts of united will as envisaged by Kant. Contract rights play a pivotal role in the field of business and trade without which business would have no rational theory as its base. Contracts specify the rubrics of a trade agreement which forms the normative theory for that particular transaction. It assures that a legal discipline could be invoked in the absence of maintaining the agreement and Kant's insights in this regard have been very

[37]Arthur Ripstein, "Kant on Law and Justice," in *The Blackwell Guide to Kant's Ethics*, 166.

stimulating. Thus, Kant’s theory of rights gives immense possibilities for realizing one’s rights and be on guard against exploitation. It has tremendous implication towards maintaining fair trade whereby a strict following of Kantian theory of rights would foster trade understanding and avoid disputes. Therefore, a careful reading of Kant and integration of his principle of right is of an enormous value to business and trade.

CHAPTER FIVE

AN APPLICATION OF THE CATEGORICAL IMPERATIVE FOR BUSINESS &TRADE

Trade and Business have functioned on diverse principles and varied normative theories ever since they set foot in human civilization. The growth of multinational and transnational companies ably assisted by the accelerating pace of technology has changed the way business operates. The theories which serve as backdrops to these companies and their business have not always been consistent and legitimate. John Hasnas claims that there are three leading theories of business ethics namely Stockholder, Stakeholder and Social Contract theories. These theories deal with the incompatible accounts of the moral obligations of people who involve in business.[1]

However, all these theories end up in some sort of Utilitarian or egoistic bargain because they ultimately target some personal gains. For instance, the Stakeholder theory states that, "The interests of all stakeholders are of intrinsic value. That is, each group of stakeholders merits consideration for its own sake and not merely because of its ability to further the interests of some other group, such as the shareowners."[2] Thus it favours the interest of only those who have a stake in that particular business and has no regard for those outside of it or the society at large. The same could be said of also the other types of theories of business ethics.

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[1] John Hasnas, "The Normative Theories of Business Ethics: A Guide for the Perplexed,", 20.
[2] Thomas Donaldson and Lee e. Preston, "The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications," *Academy of Management Review* 20, no. 1, (1995):67.

Philosophical ethics must provide guidance to everyone in the society irrespective of what one's concerns are. In the context of illogical, inconsistent and relativistic business theories, Kant upholds that human reason has adequate powers to yield a moral law which can be logical, consistent and absolute. His conviction was that non-empirical reasoning would lead to the discovery of our duty and give us an absolute moral theory based on the *Categorical Imperative*. Through its three formulations, the Categorical Imperative has the potential to put in place effective policies for business.

For instance, a business executive who abides by the Kantian imperative would enquire before every decision whether the principle on which the decision is based can successfully be tested by it, and the same could be made universal without contradiction. Tom and Norman write, "Kant's point is implicitly recognized by the business community when corporate officials despair of the immoral practices of corporations and denounce executives engaging in shady practices as undermining the business enterprise itself... Cheating, kickbacks, and bribes necessarily cannot be made universal laws."[3]

It is acceptable that the corporations have to make profit and often, what enhances business at the bottom line is their ability to make profit. The charters of incorporation specify their obligation to make profit and they have their legal obligation to the shareholders. Therefore the managers of these corporations have a duty to make sure that they don't incur loss. The point to be noted here is that Kant is never against profit making, for we know from his personal life that he lived by the money he earned as a tutor. Therefore, Kant would not argue for a charitable business corporation rather what concerns him is, if it is ethical and universal.

This is the reason for Kant to devise a formula which can serve as a base to motivate everyone to act out of duty. With the possibility of multiplicity of commands and imperatives, Kant subscribes to one which is unique, unconditional, absolute and inherently moral: the *Categorical Imperative*. In the *Groundwork*, he envisions the nuances of this absolute formula: "Finally there is one imperative that, without being based upon and having as its condition any other purpose to be

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[3] Beauchamp and Bowie, eds., *Ethical Theory and Business*, 20.

attained by certain conduct, commands this conduct immediately. This imperative is Categorical... This imperative may be called the imperative of morality" (GW 4:416). In this session we explore the three different formulations of one and the same Categorical Imperative and their relevance and applications to business ethics.

5.1 One Imperative with Multiple Perspectives: Viabilities to Business

The business industry is a massive enterprise with multiple and a variety of facets. From planning of a product to its execution, when it is finally produced and marketed, it passes through various stages. And in the process it confronts a variety of situations and issues of personal nature to the inter-personal, organizational and managerial. More often than not the extremely conflicting situations are pertaining to the ethical domain. Though, no one theory can put on board a full proof solution, the Kantian imperative with multiple perspectives is certainly an option worth considering.

The different formulations of the categorical imperative put in place by Kant addresses the various problems of business and trade. And it is for this reason that Kant's moral theory still remains to be one of the most popular theories applied to evaluate business activities. To quote Altman: "Kant's ethics serves as a corrective to moral theories that give too much weight to whatever positions we as a society happen to hold, and it asserts the absolute worth of persons against political expediency and economic efficiency."[4] In this section we attempt to apply the diverse formulations of the categorical imperative to the domain of business and trade and bring to the fore it's ethical relevance for fair trade even today.

5.1.1 The First Formulation and its Emphasis on Human Autonomy

The first formulation of the categorical imperative states, "act only in accordance with that maxim through which you can at the same time will that it become a universal law" (GW 4:421). The first formulation of the categorical imperative places human autonomy in an unparalleled height.

[4] Altman, *Kant and Applied Ethics*, 286.

Though in Kant's scheme of things it is not singled out as a direct object of moral concern through an assertion of any particular normative principle, autonomy has a significant role in the justification of his moral theory.

The term *autonomy* implies a sort of freedom or independence where an individual has control over him and does not permit him to be controlled. It was meant to describe political states that were independent of foreign rule and the German term *die autonomie* was first introduced by Kant referring to human beings. And the earliest philosophical usage of the phrase *autonomy of individuals* also appears in Kant's philosophical discussions[5]. Beauchamp and Childress state that, "To respect an autonomous agent is, at minimum, to acknowledge that person's right to hold views, to make choices, and to take actions based on personal values and beliefs."[6] This definition adds clarity to the Kantian view of autonomy. For Kant, "Autonomy of the will is the property the will has of being a law to itself (independently of any property of the objects of volition)" (GW 4:440).

For Kant, morality is meaningful only if we assume that autonomy is the property of the will of all rational beings. It is the property of the will and a law to itself. If an individual succeeds in living an autonomous life then he is considered genuine and his life is real. An autonomous life reveals one's character and the fiber of his being. Non-autonomous life is an un-integrated life with no authentic pursuits, commitments and consistent set of values. An autonomous person would live on his convictions with a strong character to fulfill his objectives fearlessly. Hartman observes; "If I am sufficiently autonomous to be able to decide what kind of person I shall be, then I can decide what will be most important to me and what I shall most want, hence what will be in my interests. And while having interests that are at odds with those of others is disadvantageous, being self-interested is not bad insofar as one's interests include others' well-being. Unfortunately our values and our interests do not always overlap."[7]

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[5] Dean, *The Value of Humanity in Kant's Moral Theory* ,199. Dean adds, "The word 'autonomy' has had a remarkably diverse career since then, and now serves as a label for a variety of conceptions which are central to issues in political philosophy and political science, moral philosophy, and psychology. Although these conceptions of personal autonomy often differ significantly from one another, there is a shared core concept that is captured by the word's etymology. Autonomy is always in some sense a matter of ruling oneself, as opposed to being controlled by something or someone else". Ibid.

[6] Tom L. Beauchamp and James F. Childress, *Principles of Biomedical Ethics* (Oxford: Oxford university Press, 2001), 63.

[7] Edwin M. Hartman "The Role of Character in Business Ethics," 551-552.

The underlying principle of Kant's description of autonomy is that every rational being possesses autonomy. It is not a quality of a selected few who live virtuous and authentic lives rather an intrinsic property of every rational being. Autonomy is not a kind of property that would fade in and out depending on the choices we make rather a consistent mark of rationality unaltered by the delimiting principles of human incapacities. It is the property of all rational agents, the only source and summit of moral obligation and it does not grow fainter when a rational agent shows lapse in his moral commitment. It is therefore the character of human will which is the supreme force in decision making. With no capacity for making decisions the human agent possesses nothing spectacular and therefore autonomy provides the most fundamental trait of a rational agent.

This view is further supported by the interpretation of Richard Dean. He argues that Kant's strategy is that every rational agent who has the capacity for choice and deliberation is a free being. It is in this concept of autonomy alone we can ably trace the prerequisites of human freedom. And, only in freedom a rational being enjoys the state of self-legislative being. Deliberation implies choosing between options which is possible only for an autonomous being. Even if a rational agent does not comply with the argument of freedom of will and opts for determinism as its alternative, yet cannot bypass the process of deliberation which is essential for practical reasoning. Though theoretically determinism provides guidelines for human action in its practical application it is freedom which rules one's actions. [8]

Taylor throws some light on Kant's autonomy principle when he points out that the human beings have a unique way of existence in the world. They shuttle between the world of senses and the world of understanding. As influenced by the world of senses they act in accordance with the laws of nature and in the world of understanding they are unrestrained and therefore in a position to legislate norms which evolve from their faculty of reason. The human beings alone have this special quality to enact autonomous laws and be subjected to them in a responsible manner. In his own words; "This capacity for freedom is the source of the rational agent's dignity, a dignity which

[8] See Dean, *The Value of Humanity in Kant's Moral Theory*, 205.

distinguishes him from lesser beings and justifies not only his position in the status hierarchy but also the differential treatment that accompanies it."[9]

Thus autonomy is indispensable for the human beings to be called so and Kant emphasizes it right through his philosophical discussions culminating in the categorical imperative. The upcoming session provides an application of this fundamental principle of autonomy in business and trade decisions.

5.1.1.1 Autonomy of Business Decisions in the First Formulation

The first formulation of the categorical imperative is an invitation to act responsibly for the sake of the moral law and it reminds that there are many rational agents besides us, and therefore, for the imperative to be universal, it must take into consideration every other person. This also guarantees autonomy of the individual to make decisions in an appropriate manner so that they may be appealing to everyone. The first formulation asserts that the principle of moral action cannot exempt oneself or any other and should possess an objectivity which evolves from one's own maxim.

It is the desire of Kant, to see this formulation as an all-encompassing norm and no one can take advantage of it or seek exception to it. Shaw shares this view: "For Kant, an absolute moral truth must be logically consistent, free from internal contradiction. For example, it is a contradiction to say that an effect does not have a cause. Kant claimed to ensure that his absolute moral law would avoid such contradictions. If he could formulate such a rule, he maintained, everyone would be obliged to follow it without exception."[10] Thus, it is universal, giving no room for exceptions and arises out of one's personal moral conviction which he calls *universal maxim*.

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[9] Robert S. Taylor, "A Kantian Defence of Self-Ownership," *The Journal of Political Philosophy* 12, No. 1, (2004):76.

[10] Shaw, *Business Ethics*, 57. At times the categorical imperative is criticised for being too vague or imprecise. It is exactly what Kant wanted his universal moral law to be, and instead to give a strict set of dos and don'ts, this principle provides a platform through sound and broad doctrine with wider applicability and relevance. For instance, a principle such as *don't steal* may be precise but has a limited utility and it is where we witness Kant's universal imperative in its splendour and stardom. Paton writes, "To reject Kant's principle merely on the ground that they do not give us some easy and infallible criterion for moral judgement is an absurd method of criticism." H. J. Paton, *The Categorical Imperative*, 131.

The first formulation upholding the autonomy of the individual has tremendous significance to the world of business and trade and one's ethical behavior. For example, when banks render services to people, they think they are eligible to charge high interest rates. The customers will be put under high debts while the banks cash in at the expense of these people. It is here we find the first formulation operative, where an autonomous bank manager who is free to act on a maxim in accordance with the universal moral law, would ask himself, if his action to charge excess interest from the customers is right, and if it can become a universal law. Thus, in all business activities this principle could be extended to analyze the moral worth of one's actions.

This formula is validly applicable to diverse organizational set ups. It hits at the root of most business units which consider employees and customers as mere contributors whose service is recognized only in response to the financial progress of the company. They are seldom consulted or taken into confidence while their personal talents and wealth are manipulated to achieve the targets of the company. They are paid for their service, though often less than what they deserve, but their autonomy which is the decisive factor in a rational agent stands unacknowledged. Therefore this Kantian formula invites every business manager or those who play similar roles to acknowledge a human person as an autonomous agent who willingly decides to work for a firm. When he gets paid, it is his service which is acknowledged but his autonomy is often left uncared. This is why the first formulation is crucial that it highlights an important aspect of a human being which is neglected in most business centers. We are seen and treated as factory workers, sales persons and customers but not as autonomous individuals.

Harrison observes that, "However, if our actions recognize the 'ends' of others (i.e. their goals and ambitions) and we seek ways to balance the meeting of our objectives with allowing them autonomy, in particular freedom to act and demonstrate moral worth, then we may meet Kant's strict view. This very interesting idea that we should not attempt to 'bypass' the rationality and moral autonomy of another person may not always be compatible with a manager's felt need to exert control over his environment."[11] Harrison here calls for a balancing act as he invites the manager or those responsible for other rational agents to work out a business strategy striking a

[11] Michael R., Harrison, *An introduction to business and management ethics*, 102.

midway that meets the objectives of the business firm while acknowledging their autonomy. Though it seems to be a viable approach, Kant's focus would be of respecting and regarding the worth of autonomy not in comparison with something; not striking a balance with something else rather act purely for the sake of autonomy.

The human persons are autonomous beings and they need to be viewed in that manner. Their autonomous human nature leads them in their pursuit of public reasoning. By public reasoning I mean to assert that they are self-legislators who are capable of accomplishing their goals in a responsible manner and at the same time they can transcend their personal views and opinions and concede others' point of view as well. Their autonomy envisages them to go beyond subjective beliefs to heed to other people's reason for their action. Therefore this Kantian imperative is a huge paradigm for self-examination for the corporate world if it is genuinely looking for a standard of assessing their ethical behaviour. A business manager who realizes the value of this principle would incorporate the reasons of his subordinates in decision-making. It should be done in a spirit of moral obligation and imposing one's reasoning on others would hurt the relationships between the top-level administration and the subordinates leaving a gulf difficult to reconcile.

For instance, in a corporate unit, the corporate managers should not interfere with individuals' freedom during a political process. They should have a duty not to thrust their interests or obstruct one's freedom to participate in the formation of public policy. The autonomy principle holds that they have a moral obligation to refrain from needless meddling in the political process in respect of the autonomy of the other. The *Microsoft Public Policy Process* states: "Microsoft publishes annual a Public Policy Agenda that guides our participation in the political process and is focused on public policy issues that are core to our business."[12] Here the manifesto of public policy of Microsoft asserts, in principle, the autonomous nature of every one by stating that they would act respecting the issues pertaining to the business rather than interfering in the political process. Thus the Kantian imperative invites all to respect the autonomous nature of each other which definitely is a need for enhancement of human relations in business and trade.

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[12] Microsoft, "Corporate Citizenship", Accessed from www.microsoft.com/about/corporatecitizenship/en-us/working-responsibly/integrity-governance/political-engagement/ on Nov. 27th 2012.

Decision making is an everyday affair for every business organization which is both a habit and a process. Perhaps it has become too much of a habit that they do not care so much about the intricacies involved in every decision irrespective of its importance. It is as an aftermath of this complacent attitude that the decisions are often taken brushing aside the views and opinions of those employees and customers at grass root level. This would in turn receive a lukewarm attitude from those who were not consulted. It is a fact that effective and successful decisions make profit and the ineffective ones incur losses. Therefore the corporate decision making is a crucial process for any organization and private decisions those which do not regard the autonomy of everyone involved are likely to be rejected and a collective, consultative or at least a beneficial decision on account of everyone would be better received.

Kant has put forward certain examples to explicate the first formulation of the categorical imperative. Among these examples, the example of *borrowing money* has great significance and relevance for business and trade. Therefore, I have attempted to explicate its implications for business and trade. The following couple of sections aim to explore the drawbacks in business and trade in the light of this example.

5.1.1.2 Testing the Maxim of a *Lying Promise* in Business and Trade

The strength of the categorical imperative is that it can serve as a parameter to test human actions and see if they are trustworthy and ethically acceptable. It is a yardstick to measure the compatibility of one's action with its ability to be a universally acceptable practice. An action could be undertaken only if it is worthy of being a universal law.

Kant gives the example of *borrowing money*. I am in need of money and would like to borrow it from someone though I am aware that I would not be able to pay it back. But, with a false promise of paying back, I desire to get it, as I think that it is not possible without a firm promise to pay back. However, if I have the moral conscience to ask myself whether it is in conformity with the duty to borrow after knowing well that I can't pay it, I would decide against it. And, if I do not abide by the spirit of duty, my maxim would read as: *when I need money, I will borrow it and promise to pay back, though it is not possible* (GW 4:422).

The question here is, if this maxim is to be universalised what would happen to the system of promise making, which is so essential to business? The system of business is built on trust between producer and consumer, and retailer and customer. The consumer trusts the quality of the product while the customer trusts that the retailer does not overcharge. But, if one throws only empty promises regarding the products or prices, knowing well that they are only false claims, then, it would derail the very structure of morality. If the maxim of *borrowing money* to be universalised it would defeat the very system of promise making and keeping.

Theft by employees, managers and workers is a major issue in production sites and sales outlets. Let's consider a situation where a worker at the production site is angry with the owner for the low salary or for some other reason and he decides to steal the goods. If such an act is to be universalized, it would mean accepting stealing universal and acceptable. If stealing to be universalized, there would be nothing private, for anyone would grab anything belonging to anyone and there would be no ownership rights. Similarly, *lying promise* too fails the test of being universally acceptable due to its inherent contradiction.

Promise making is often both mysterious and paradoxical. It implies transcending the present time and look in to the future while remembering the past. It means that at a given future time you are determined to act in a particular way irrespective of what you wish at that time because a promise has already been made. It also means remembering the promise in view of carrying it out in the future. It reveals the promise keeping as a character trait of rational agent as different from the animals and shows the human capacity to remain faithful to the commitments. We are defined by our activities which result out of projects and commitments which follow from promises. Promise implies a relationship to the other and by way of this commitment we are assuring a way of future behavior to the other. Promises expect a specific kind of behavior towards the concerned individual involving certain type of emotional responses which cannot be anticipated but has to be carried out at the appropriate time. It calls for even acting against one's interest at a given interest for the sake of the promise once made.[13] It is for these reasons that promise breaking is a serious offence leading to *lying*.

Lying goes against the principle of truth telling in business contracts. Issues such as *lying*[14] *promises* are misdemeanors which terrorize the societal values. The business community is culpable for such repeated crimes over the years. In the 1970s, Winthrop laboratories promoted a pain reliever advertising it to be a non-addictive. But, later a patient died of having addicted to this pill. The court's verdict was leveled against Winthrop Laboratories and held them responsible for the death as they had advertised that their drug was non-addictive. They failed to remain faithful to the advertised claim of their products.[15]

Lying in business generates unjustifiable hypes about the products and raises undue expectations regarding the standard of the product which is not true. People who buy it realize that it fails the test of being a worthy product and eventually reject it. This is what Kant meant to state that the lying promises don't stand and no system can be set on such principles. For Kant telling a lie reduces a person to a *thing*. In his Words: "By a lie a human being throws away and, as it were, annihilates his dignity as a human being. A human being who does not himself believe what he tells another has even less worth than if he were a mere thing" (MM 6:429). In the *Second Critique* he even specifies what a thing deserves: "Respect is always directed only to persons, never to things" (CPrR 5:76).

It is in the light of such heinous crimes of deception, that Kant's ethical system becomes extremely significant. It is the duty of business enterprises to maintain contracts and Kantian morality paves a formidable base for such enterprise. Besides, *The Uniform Commercial Code* states in its section, 2-313(a): "Any affirmation of fact or promise made by the seller to the buyer which relates to the

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[13] Ronald Duska and Julie Anne Ragatz, "How Losing Soul Leads to Ethical Corruption in Business," 153.
[14] For Kant lie is "uttered with an associated intention to injure the other by the untruth (LE 27:700). In *Metaphysics of Morals* Kant speaks of lie as, "In the doctrine of right an intentional untruth is called a lie only if it violates another's right; but in ethics where no authorization is derived from harmlessness, it is clear of itself that no intentional untruth in the expression of one's thoughts can refuse this harsh name" (MM 6:429).

[15] Velasquez, *Business Ethics*, 341.

goods and becomes part of the basis of the bargain creates an express warranty that the goods shall conform to the affirmation or promise."[16]

The human pedagogy calls for rational and truthful existence. A failure in this regard on the part of individual leads to disastrous consequences and this is amply evident in every act promise breaking. Business promises and Trade commitments are essential and they need to be maintained to the core. When someone violates a promise it is always considered a breach of trust. Philosophers and responsible human beings of the society have always expressed their displeasure at every instance of promise breaking. There has been extensive literature from these committed people to alert the human community from the peril of letting a promise broken.[17]

It is ultimately a question of fidelity which expresses itself in the up keeping of promise and avoidance of lying. These are expressions of our faithfulness to our word. Honesty is the core principle in every walk of human life and in business and particularly in advertising it should be kept to its best because effective marketing for a longer duration is built on trust. In business, honesty is not always blunt rather it often means biased presentation of facts. Deception here is all about the fabrication of facts and misappropriation of truth leading to deceptive marketing.[18]

Deceptive business strategies come with an implicit maxim that it is acceptable to tell a lie for the purpose of some personal advantage of the entire corporation or for the benefit of some individuals

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[16]Legal Information Institute, "Uniform Commercial Code", Accessed from http://www.law.cornell.edu/ucc/2/2-313.html on 26 Oct, 2012.

[17] David Hume in his *Treatise on Human Nature* calls promise making "… one of the most mysterious and incomprehensible operations that can possibly be imagined." David Hume, "Treatise on Human Nature" in *The Great Legal Philosophers*, ed. Clarence Morris (Philadelphia: University of Pennsylvania Press, 1959), 207. Frederich Nietzsche begins the second essay of *On the Genealogy of Morality* with a statement on promise making which reads; "To breed an animal with the prerogative to promise - is that not precisely the paradoxical task which nature has set herself with regard to humankind? is it not the real problem of humankind?." Frederich Nietzsche, *On the Genealogy of Morality* (Cambridge: Cambridge University Press, 2007), 35. The statements of these two profound philosophers tell us in hindsight the significance of promise making and what it means to upkeep them in our everyday living. Hume highlights its mysterious nature while Nietzsche calls it a paradox of human nature. Certainly there is something common in both of these statements. There is an element of uncertainty which puzzles and yet makes the parties of *promise making* to come together. Therefore it is not without serious reflection that Kant presents the example of *Lying promise*. Kant is tremendously aware of its social and cultural repercussions when one of the parties does not adhere to it. This example of Kant becomes significant from this perspective that it is intrinsically good and its violation would automatically be treated an offence.

[18] Robert Audi, "The Marketing of Human Images as a Challenge to Ethical Leadership," 206.

involved in it. But the Kantian objection to lying promise is from the view that what would happen if everyone adopts it a maxim of his action. Human society thrives on believing what we say to each other. We send an invoice as a proof of purchase of stationaries to the office and they believe that it is not inflated. Signing a check is a promise that there is enough money to cover the amount stated.

When I submit my certificates to an IT firm in which I am seeking a job, I assure them that I have not tampered with the marks and they are genuine. And when I promise to take my friend out for a view of the town who has come to a new place he trusts my words. If I fail to live up to my words it is a breach of promise unless there was an interruption by the unforeseen. Hinman summarizes the undercurrent of every such instance: "But imagine if we were to adopt the maxim that people can lie whenever they think it is to their benefit to do so. If we will that everyone adopt such a maxim, then we undermine the very possibility of gaining an advantage from our own lying—for if this maxim were universally accepted, no one would believe what anyone else said or promised because they would know that it could easily be a lie."[19]

Thus, *lying promise* in business dealings is a crime that cannot be permitted and therefore Kant's ethics has great value for the world of business in order to maintain fairness and truth telling. And, promises of such nature which fail the test should be disclaimed with no regard; otherwise no viable business contracts would ever be established.

5.1.1.2.1 Does insolvency of a Company Justify a Lying Promise?

Insolvency is the most unpleasant event in the life and existence of a company. Businesses are said to have lives of their own and if so insolvency is its ultimate point of fatality. A business is considered to be insolvent when it does not have enough assets to cover its debts. The outcome of insolvency would differ depending on whether they are limited companies, partnerships or sole traders. But in the case of all of these, insolvency is an unwelcomed guest. Several companies over the years have been declared insolvent and just because the books are looking good don't mean that everything is fine with the company. There are times when a business appears well on paper

[19] Hinman, *Ethics A Pluralistic Approach to Moral Theory*, 174.

but building up its accounts receivables might expose its short on cash status. Situations like this might make a company to consider unethical means to save the face of the business.

This leads us to the question whether weak financial status or even a foreseen insolvency justify a lying promise. And we are at a crucial question of *insolvent trading*. Insolvent trading crops up when a company continues to attain credit though the company is clearly aware that it has no sufficient funds to repay it. It is exactly this point that Kant's example of lying promise brings to the fore. Can I borrow from someone knowing well that I can't repay it but asserting that I would repay? (GW 4:422). It is a perfect duty not to make a lying promise and the conceptual inconsistency reveals that one should never make a lying promise.

So lying promise is never justifiable whether in the personal life or in the life of a business. But it does happen often in various forms in the society. Insolvent trading is business unit's way of making a lying promise. Insolvent trading occurs when a company continues to obtain credit with the knowledge of the creditors even if the company has not got the necessary funds to repay the creditors. Numerous factors might lead a company to such an embarrassing situation such as excessive debt, weak cash flow or bad organization of financial records. It is never a pleasant position for the directors of the company and certainly no company would be happy to be in such an adverse position. *Insolvent trading* is an illegal practice which is also at times caused by company's failure to upkeep the creditor's trading terms. However, in common language they would all mean some form of *lying*.

From a Kantian perspective, lying in any form and at any measure is unacceptable. In his *Lectures on Ethics* we read: "In ethics, though, every *falsiloquium*, every knowing deception, is impermissible, even though it be not immediately coupled with an injury, and would not be imputable *coram foro juridico*. N.B. Hence the telling of tall stories, or braggings in company, demean us, and can only pass as a jest if the judgement of others about the content of their truth cannot be in doubt" (LE 27:700). Kant is categorical against telling a lie and appropriately to our purpose he refers to *bragging in companies*. Constructing a false image about business and presenting it to be healthy when it is not so in actuality is certainly an offence and a lie. Insolvent trading is therefore certainly some form of lying and a morally unethical act.

Insolvent trading is therefore illegal in many countries. For instance the Australian *Corporations Act of 2001-Sect 588G*, states that it is the director's duty to prevent insolvent trading by company.[20] The *1986 UK Insolvency Act* also prohibits insolvent trading.[21] The *Indian Companies Act 1956* specifies the liability for fraudulent conduct of business. It reads:

> If in the course of the winding up of a company, it appears that any business of the company has been carried on, with intent to defraud creditors of the company or any other persons, or for any fraudulent purpose, the [*Tribunal*], on the application of the Official Liquidator, or the liquidator or any creditor or contributory of the company, may, if it thinks it proper so to do, declare that any persons who were knowingly parties to the carrying on of the business in the manner aforesaid shall be personally responsible, without any limitation of liability, for all or any of the debts or other liabilities of the company as the [*Tribunal*] may direct.[22]

These legal norms and procedures of different countries reaffirm Kant's ethical positions though ethical norms don't depend on legal practices. Insolvent trading is regarded illegal because it is unethical.

Thus Kant's case is simple and well argued. But Kant's view that the moral rules derived from categorical imperative are absolute implies, as in this case we must not lie, even if refusing to lie results in some serious injury to the reputation of the company. Kant defends this position by reminding us that we cannot be certain about what the consequences of our actions will be and perhaps a lie will not bring forth our desired consequences. *Insolvent trading* may for some time show the business in good light but eventually disintegrate as truth begins to hurt.

5.1.1.2.2 Impact of *Lying Promise* on Business and Trade

[20] "Commonwealth Consolidated Acts: Corporations Act 2001 - SECT 588G", Accessed from http://www.austlii.edu.au/au/legis/cth/consol_act/ca2001172/s588g.html on 20th Nov. 2012.

[21] "UK Public General Acts from 1986", Accessed from http://www.legislation.gov.uk/ukpga/1986 on 20th Nov. 2012.

[22] "The Indian Companies Act 1956", Accessed from http://www.mca.gov.in/Ministry/pdf/Companies_Act_1956_13jun2011.pdf on 20th Nov.2012.

Having analyzed in some depth whether extreme financial situation of a company would justify lying promises in any from whether through insolvent trading methods or any other, we now introspect into the impact that lying promises can have on business and the stakeholders. Promise making[23] is a quality belonging exclusively to the human folk. Kant writes in *Groundwork*: "Skill and diligence in work have a market price; wit, lively imagination and humor have a fancy price; on the other hand, fidelity in promises and benevolence from basic principles (and not from instinct) have an inner worth" (GW 4:435). In his *Lectures on Ethics* affirms the reason to maintain fidelity to the promises made. He writes: "Breach of faith is when we promise something truthfully, but do not have so high a regard for the promise as to keep it. The lying promise is offensive to the other, and though it does not invariably cause offence, there is still always something mean about it" (LE 27:449).

Thus, one of the most exciting characteristics of a human being is this capacity to make promises and acting on those promises. Human person is a promise making animal who envisions acting on those promises in the future. Duska and Ragatz write: "The ability to look to the future and remember the past, gives a person the capacity to make promises, and develop projects to which one commits. Those commitments, in turn, are defining characteristics of the individual. Thus, it is important to examine the nature of promises and their relationship to one's identity and soul."[24]

Promise of any kind anticipates trust and a conviction that utmost care would be taken to keep it intact. It is essential to every human situation and its violation would be deeply felt. In business and trade, impact of any unwarranted breach of promise is viewed to be a blow to its legitimacy. Bowie shares a personal experience which clearly brings forth the impact of dishonest promise in business or trade transactions. During one of his vacation trips, he visited his favorite seafood outlet. He was welcomed with a placard which read *we do not accept checks here* and below which hung numerous checks which bounced back without funds. At this outlet the impact of such an

[23] Being a promise maker does not follow that the person is also ethical. An individual might make false promises, malicious promises or promises to involve in immoral activities. An individual can make a commitment to attain an unethical end. Every promise therefore does not aim at an ethically acceptable end and if promises have to be ethical they must have higher purpose. They must pursue healthy plans and genuine aspirations. The theories which serve as normative for these purposes have to be rational. And it could be mentioned that the categorical imperative is a viable principle which one should pursue.

[24] Duska and Julie Ragatz, "How Losing Soul Leads to Ethical Corruption in Business", 153.

unethical act was deeply felt and the integrity involved in paying in checks was cast to the wind by the customers.[25]

Payment by check is a promise and it involves a commitment between two parties. This is what happens when one of the parties breach the promise code and a large number of customers gave away unworthy promises through false checks that the retail store could not anymore allow the use of checks. Again it goes against the very foundation of Kant's categorical imperative which calls everyone to act on a universal maxim. Here, a maxim such as writing checks without sufficient funds could never be universalized and the system of payment by checks breaks down.

In his *Lectures on Ethics* Kant writes that ''if the other has cheated me, and I cheat him in return, I have certainly done this fellow no wrong; since he has cheated me, he cannot complain about it, yet I am a liar nonetheless, since I have acted contrary to the right of humanity… Whoever may have told me a lie, I do him no wrong if I lie to him in return, but I violate the right of mankind; for I have acted contrary to the condition, and the means, under which a society of men can come about, and thus contrary to the right of humanity'' (LE 27: 447).

Kant means to argue that a lie cannot be reciprocated with another and in doing so, one loses his integrity. It is not wrong to tell a lie to the liar but in doing so I humiliate the humanity in me. It is an important insight for trade and business where often one lie justifies another. Even if a seller overcharges you for a product you bought, you have no reason to give a fake currency or in some way reciprocate his lie or wrong. Though with a counter lie you may not have done anything different from what he has done, primarily you have disrespected the humanity in you.

It is often the desire to maximize profit which makes the directors and managers of the company to take measures which do not value ethics. Promises would be least kept if shareholders target only profit. Sadly, there are companies which function on principles of pure benefits. They might end-up losing the esteem of the company which ultimately has an impact on the profit they make. Cadbury writes: "Reputation is a valuable asset which takes time to build up and needs to be jealously guarded. More fundamentally, business ethics matters to society because distrust is a real

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[25] Norman E. Bowie, *Business Ethics: A Kantian Perspective* (Blackwell Publishers, 1999), 6.

barrier to the flow of information and of trade. Confidence is important as a basis for business, and so society as a whole is impoverished if business standards slide. If that slide results in increased regulation, then that is a costly and often inefficient alternative."[26]

Though reputation is crucial to success in business and trust is essential, these are not always genuinely possessed by the shopkeepers and others in business. Pretentiousness and hypocrisy often lie behind their generous gestures. They seem righteous but self-interest is the cause for their outward Kindness. Kant captures this in the most appropriate words: "The greediest shopkeepers of all are the most honourable in their dealings, simply from self-interest, and this is thus often a reason for truthfulness, etc. The lust for honour makes lying easier, since here the inner content is not so apparent" (LE 27:59). This hypocritical attitude is another way of breaking the trust of the customers who trust both the words and the products of the trader.

Business that does not keep promise has more to lose than gain. Such business units would be immediately singled out and the customers would be vigilant. As the business targets its benefits so also customers look out for their benefits. In this process, the particular business cannot afford to leave the customers but the customers can easily opt for competitive markets. The business would lose its integrity and if lost once the customers would not easily opt again for the product even if the business rectifies its errors. For instance, a particular mobile service in Pune, India, was making deductions of the customers' credit without their consent. Even after numerous calls to the customer care unit of the particular mobile service, the practice went on for months. Finally, a group of students of a college avoided using the particular mobile service and also spread awareness to others and invited them to do the same as well. It is just an example of customers boycotting untrustworthy businesses.

The chronicles of history exposes innumerable cases of unauthentic and unethical business practices which lead people to desert them. One of those instances which come immediately to our minds is the case related to Enron. It came as a bolt from the blue as Enron always maintained a high profile and was viewed as an example for other firms with high CSR record. People found it hard to understand how it could fall apart and could not be trusted anymore. This is an extract of the report on the *Enron scandal* as told by BBC News: "It has been discovered that executives at

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[26] Sir Adrian Cadbury, "Business dilemmas," in *Case Histories in Business Ethics*, 21.

Enron have offered bribes to tax officials. No income tax was paid between 1996 and 1999 and the ethics of the tax officials is in question. The report that disclosed this information is like reading a step by step analysis of how to abuse the tax system. The collapse of Enron was a shock to many people, especially those with retirement savings. It appeared that Enron was prosperous at the time of failure. Lawmakers are trying to improve laws so that this situation cannot happen again in the future."[27]

These are the unauthentic business practices which hurt the trust people have on these firms. Though there may be no direct instance of lying *promise* or breach of a contract, it implies that these businesses have some serious responsibility to its customers which is built on trust and so there is an inherent contract or promise. When Enron presented a rosy picture to the public about its financial status, people accepted it in its face value trusting it entirely. And when they failed to live true to their implied promises they lost the credibility before the public. This is a typical example of the fate of dishonest and lying businesses. Therefore, businesses cannot thrive on lying promises and at some stage their books would reveal and they will be vindicated.

5.1.1.2.3 Test of this Formulation: Fair Play in Business and Trade

Having tested the Kantian example of *lying promise* in the light of categorical imperative, we have exposed the defects of such principles, and the significance of Kant's moral law. We have analyzed the reasons for the Kantian moral law to be universal, logical and consistent and its adverse effect if it fails to be so. Now we positively try to understand that the successful test of the maxim would be the principle of *fair play* in business.

Fairness in trade and business is a concept that needs some clarification as it suffers from over-use in daily life and practice. Being fair is a common way of acknowledging justice. When a meal is charged reasonably by the restaurant, we say it is fair and when a cab driver does not over-charge we say it is a fair charge. Eagleton and Pierce present a refined description of fairness in trade and business. According to them, "The first component of legitimacy of any institution is

[27] Becky Gendron, "Ethics and Corporate Scandals: How Much Do You Really Know?", Accessed from http://voices.yahoo.com/ethics-corporate-scandals-much-really-645431.html?cat=17 on Dec.2nd 2012.

that is fair, and is seen to be fair, in terms of both process and outcomes. Fairness of process refers to decision-making and negotiation within the organization. Fairness of outcomes refers to the provision of certain public goods, and takes the distribution of costs and benefits resulting from governance into account. There are various solutions to unfair process, depending on where one sits: greater transparency, greater accountability, greater direct participation or at least smaller chains of delegation and so forth." [28]

Fairness in trade[29] aims to reinforce market access to the underprivileged producers particularly in the developing countries to overcome their struggles and live a decent life. It would appeal to them in terms which are beneficial and exploitation by the mighty would not prevail in fair trade. It would aim at empowerment of these people at the grassroots and protect them from the middle men to expand their business. Trade is fair when it satisfies every stakeholder with some amount of personal gratification. It is not a utopian concept but experienced time to time in our practical life. We do sometimes feel personally happy after a bargain on a product with the producer that both the parties are at equal-ends. At that point none of the parties feel that I have paid over or the other feels to have incurred loss. Thus, there is some sort of experience of fair trade in our usual shopping practice. The following observation presents an interesting point in fair trade.

> Fair Trade offers a new model of the producer-consumer relationship that reconnects production and consumption via an innovative supply chain model which distributes its economic benefits more fairly between all stakeholders. Fair Trade attempts to address the gross imbalances in information and power that typify North-South supplier-buyer relationships by countering the current failures evident in many global markets. The Fair Trade model thus operates in

[28] Matthew Eagleton, Pierce Emily Jones and Kalypso Nicolaïdis, eds. *Building Blocks for a Global Trade Ethics* (Oxford: University of Oxford, 2009), 26.

[29] People are becoming conscious about the importance of fair trade and business and it is catching up quickly around the world. They are aware of the merits of fair trade and it is being advocated through various organizations and awareness programs. According to Nicholls and Opal, "Fair Trade began as a campaigning issue driven by activists and maintains a powerful international network of lobbyists. In common with many such movements, Fair Trade has been highly inventive in promoting its message (the result of very limited marketing resources). Initiatives like Fair Trade Fortnight in Britain or the Fair Trade Towns campaign across Europe have been enormously successful in raising consumer awareness and also increasing sales. Fair Trade is now taught in school and university curricula, written about in academic and commercial media, and discussed at conferences and fora around the world. Similarly, populist campaigns such as Oxfam's 'Make Trade Fair' initiative are generating powerful grassroots action that is also media-friendly." Alex Nicholls and Charlotte Opal, *Fair Trade: Market-driven Ethical Consumption* (London: Sage Publications, 2005), 26.

> stark contrast to the conventional international supplier-buyer transactional relationship that aims to maximize return to the institutional buyer through the establishment of a power imbalance in favor of the purchaser (though not always the end-consumer).[30]

Thus fairness in business and trade is all about a mutual producer-buyer understanding. It is holding the consumer as a partner in the production process of a commodity where he is not merely seen as a future stakeholder. He is also present throughout the production process where his interests are also taken into consideration from the very first instance of planning the product. For instance, a firm that produces fruit-jam should be conscious about the health hazards of the preservatives used for the product. The potential customers should be treated as partners from the very first moment of the conception of the product. His benefits are as important as the profits they make. This is what fairness in trade and business is all about as presented by the first formulation of the categorical imperative, where our maxims are not exceptions for ourselves rather universally applicable principles for human action.

Fairness in business implies valuing every customer and take decisions which are mutually beneficial to both customer and producer. The producer prices fairly the market price of products and the customers also do not go for further bargain. However, we need to take note that fairness is not doing acts of charity towards others or it is not selling a thing at lower than cost of production. It is not about non-profit deal rather working out a fair-deal policy acceptable to all stake holders. It implies redefining the profit policy through an acceptable balancing act. It is not just consumer friendly approach rather an ethically ridden commercial enterprise for the betterment of all involved.

Nicholls and Opal talk about three major advantages of fair trade and business. According to them it is essential, "to alleviate extreme poverty through trade; to empower smallholder farmers and farm workers to use trade relationships as a means of enhancing their social capital; and to support the wider campaign for global trade reform and trade justice. Crucially, Fair Trade addresses these objectives through a market-driven commercial model, rather than by charity or a developmental

[30] Ibid., 6.

aid mechanism. This approach is ultimately more sustainable and empowers producers to develop livelihoods that avoid dependency."[31] This clearly shows that a fairness approach in business and trade can be a wonderful tool towards a humanitarian society founded on the Kantian imperative which invites us all to act in a responsible manner. An egalitarian society is at the root of this formulation which can also be reflected if a fairness approach is applied in business.

When a trade is fairly carried out, it reduces the role of brokers and other agents in the supply chain who would tamper with the price of the commodities. This assures that the producer can enjoy maximum benefits from his produce. Fairness in every aspect of human life is the call of Kant and the message of the categorical imperative. It calls us for a commitment to duty, and as traders and business persons fairness is the face of categorical imperative. For Kant being treated fair is my right and it is best understood when no intrusion is made into my freedom. In *Metaphysics of Morals,* Kant states, "If then my action or my condition can generally coexist with the freedom of every one in accordance with the universal law, whoever hinders me in it does me *wrong*, for this hindrance (resistance) cannot coexist with freedom in accordance with a universal law" (MM 6:230). Therefore *fairness* is my right within my free domain and being unfairly treated when I make a purchase means that the seller becomes a hindrance to my freedom. My freedom demands that I be treated in fairness in all aspects of life. The responsibility is mutual as I should also abide by the same.

Hinman presents another insight on Kant's understanding of fairness. He highlights the universal nature of Kant's promise making principle. He interprets Kant in these words: "What's fair for one is fair for all. If a law applies to one person, it should apply equally to all. In this sense, we must treat everyone impartially. If it is wrong for other people to lie, it is also wrong for me to do so. I cannot give myself special treatment."[32]

When there is a conflict between the demands of the law or contract and duty, one would opt in favor of duty even if that means violating a contract. It can be further explicated saying that if I have to keep a contract which is dishonest and violates my core ethical principles, as a moral

[31] Ibid., 25.
[32] Hinman, *Ethics: A Pluralistic Approach to Moral Theory*, 174.

individual, I should act out of duty and a breach of contract may be tolerated. Law should be respected and commitments to be kept but not when they defy the norms of duty. For instance, I am queued up at the ticket counter to get my ticket booked and my friend tries to cut in and, in another instance, another friend of mine wants to travel with a ticket booked in my name. Events of this type do take place frequently in our life which goes against the principle of *fair play* and of duty as well. If these were permitted, they would automatically eliminate discipline and order at ticket counters which the queue-system brings to the society, and traveling on someone else's ticket cancels out the need to enter names while booking it.

Business should focus to uphold its values and remain firm on fairness policy. However, there are several cases when businesses have turned deaf ear to this all-important fairness principle. For instance, on 5th august 2003, the Centre for Science and Environment (CSE) published a report which stated that the producers of the two prominent soft drinks Pepsi and Coke have not taken into account the levels of insecticides and pesticides in their products. The director of CSE, Sunita Narain said that we cannot file a case against them as India follows the guidelines given by WHO and CSE follows the EU norms for the tests. WHO only indicates certain minimum safety level and does not give specific rules for soft drinks. The CSE director said that the norms in India are so poor that these companies do anything and get away with it.[33]

In this case, these brands of soft drinks have made use of the loopholes in the existing laws of India to manufacture and market hazardous products. They are not guilty before the laws as they have not violated the laws. But, it does not assure them that their products are safe and healthy. It is here we see the Kantian principle at work, which makes it a duty to act on the moral law and ask if this particular act can become a universal law. The producers of these fatal brands are legal before the law of the courts, but not before the moral law of Kant which has no loopholes and does not permit any immoral acts. Thus, the Kantian imperative can be a great instrument in safeguarding against the unethical behaviors ensuring *fair play* in business.

[33] Hartman and Chatterjee, *Perspectives in Business Ethics*, 378.

One of the impediments to fair trade is the prevalence of bribery all over the world. It exists in some form or level in every country. We have discussed in one of our previous chapters the existence of corruption and a Kantian response to it. A quick reference to bribery is inevitable as it is the greatest threat to fair trade today. Bribery impedes the scope of fair trade and brings practical discrepancies to business.

Let us assume a situation where a company receives a contract by offering bribe and another company without offering a bribe. What happens here is that bribe adds to the cost of production and the company which did not bribe produces at a far cheaper cost. The company which bribed loses out to its competitors and those companies which don't bribe therefore have a competitive advantage over others assuming other things remain the same. These companies would be easily driven out of competition which defeats the very purpose of having bribed in the first instance.

However, it is also a fact that in many countries if an international firm has to do business, bribing is a viewed as an acceptable practice. There is also the practice of sustained bribery to stay in contention for a top-placed business firm in the country. But how does it go through the principle of fair play? The argument here is of a higher grade which reads; if a country succumbs itself for the practice of bribery then it disgraces itself to a lower grade of morality. The country with no provision for bribery stands at a far superior state in its moral existence as compared to the one with high practice of bribery.[34]Thus bribery is a huddle for fair trade in the world. Bribery attempts short routes to success.

Today the key issue in trade is the balance of fairness between customers and retail corporations. It is an ethically significant issue to discuss that fairness equally benefits everyone. There is always the danger of the retailers benefiting out of their greater capacity to market the goods. However the theory of fairness also binds the customers. Whysall observes that, "Fairness is also an obligation on consumers. Consumerism brought consumers' responsibilities alongside enhanced rights. Consumers should follow product instructions, only make justifiable complaints, initially

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[34] See Bowie, *Business Ethics: A Kantian Perspective*, 14.

using appropriate channels, pay as agreed, comply with contracts and point out errors even when these are beneficial."[35]

From a Kantian perspective, every human activity, trade and business included, is called to be fair. If a firm pays bribe without the knowledge of other firms to enjoy additional privileges and if it comes to the knowledge of other competitive firms, it would not be acceptable to them. It cannot be done on a principle of a universal maxim. If everyone makes secret attempts to bribe for special privileges then the act itself is meaningless. Like the *lying promise*, the *secret bribe maxim* will collapse and become a futile project. Besides, the maxim of offering or accepting bribes cannot be universalized and an un-universalized maxim cannot command unconditionally. Therefore fairness in trade transactions is the only way endorsed by the first formulation of the categorical imperative where everyone gets his due since it functions on a principle of universality.

5.1.1.2.4 Significance of Trade Contracts in the First Formulation

In our previous chapter we have discussed the Kantian understanding of a contract and why it needs to be respected with utmost care. In our section here we explore the importance of trade contracts in the spirit of the first formulation of the categorical imperative. Contract is essential to trade and it needs to be completed. In the words of Kant: "In a contract by which a thing is acquired, it is not acquired by acceptance (*acceptatio*) of the promise, but only by delivery (*traditio*) of what was promised" (MM 6:274). Thus a contract is complete only when what was agreed upon through a contract is finally carried out.

Every transaction is carried out in tune with the terms and conditions negotiated among the parties involved. Negotiation plays a crucial role in trade contracts where both parties sign an agreeable format. Securing a deal through negotiation implies that they have arrived at an agreeable conclusion. It assures minimum risk and in case of disputes facilitates legal actions. Trade contracts indicate the *duties* of the parties involved and the fact that "I ought to keep my promise is a postulate of pure reason" (MM 6:273). In remaining faithful to the promise I respect the faculty of reason which is operative in every trade contract. The first formulation through the principle of

[35] Paul Whysall, "Values in the Marketplace: What Is Ethical Retailing?," in *Leadership and Business Ethics*, 184.

universality upholds the unbreakable nature of trade contracts. If a party unilaterally violates the contract it would be yet another incident of *lying promise*.

For instance, when an expensive (sometimes even less expensive) buy is to be made it is often done after a quotation has been received and its various aspects studied. It is possible that there is some error or omission and some buyers would consider the errors as is, if it is to their benefit and negotiate for it. But a Kantian approach would be to accept an unconditional revision of the quotation. From Kant's perspective it is not the letter of contract which is important rather the spirit of contract which should be kept up. It is the persons in the contract who need to be valued more than the terms and in which case the contract will be automatically upheld. Kant argues that my right is, "not a right to a thing, (rather) a right against that moral person" (MM 6: 274). Therefore every contract has to be in the best interest of the persons involved and the humanity in them should be respected. This understanding of Kant enables to settle trade disputes amicably outside arbitration or court.

5.1.1.2.5 Promotion of Democratization in Business

We have seen in one of our earlier sections the role of autonomy in the Kantian formulation. Autonomy respects human persons and their dignity and gives meaning to ones existence as a rational being. And in business it also calls for a democratic[36] procedure in administration and at work place. Autonomy does not permit imposed norms which is not rationally feasible for the human person. In the context of utilitarian ethics democratic functioning is applicable only if it increases efficiency and not mandatory. But in the Kantian system, it grows out of the respect for the human person that every worker exercises his autonomous nature. Democratization at work place is a matter of respect for voice; irrespective of who the person is, everyone's opinion should be given enough attention. Denouncing the right of participation of everyone concerned in business activities would hit the very foundation of Kant's theory.

[36] It is apt to mention here that it is debatable if Kant really favoured democracy as the best form of government with the reason being democracy is a way of the majority and does not pay attention to the minority. The Kantian imperative does not make exclusions and accommodates everyone within its scheme. However the concept democratization is used here to refer to a state where everyone's freedom is respected and the decisions are not imposed by authority but collectively made.

Besides, there is a correlation between job satisfaction and productivity. It is a worker who feels respected will be the one who brings best out of him. Discontented worker is a liability at the work place. Therefore democracy at work is necessary and should be constructed from the bottom up. It cannot be installed from above as every worker is also an autonomous being. Work extraction is an offence if autonomy is not respected. You can pay and get the work done but the person's autonomous will that obliged to work needs its share of recognition as well. This is possible only when there is democratization at the work place.

Bowie affirms it when he states; "Certainly, a necessary condition of autonomy is consent given under non-coercive and non-deceptive conditions. Consent also requires that the individuals in an organization endorse the rules that govern them. As a minimum condition of democratization, Kantian moral philosophy requires that each person in an organization be represented by the stakeholder group to which he or she belongs, and that these various stakeholder groups must consent to the rules and policies which govern the organization."[37] Thus the Kantian mode of democratic business is a participatory model where everyone's interest is respected individually and business as a whole. It is a system where teamwork pays off and the personal milestones are not prioritized. There is no doubt that there are various business enterprises which subscribe to such a model.

5.1.2 The Second Formulation as Upholding the Dignity of Human Person

The second formulation is often considered by many to be the most celebrated version of the categorical imperative. The second formulation reads, "Act so that you use humanity, as much in your own person as in the person of every other, always at the same time as end and never merely as means" (GW 4:429). Kant believed that since human beings possess free will and act from laws of reason, they have dignity and a value beyond any price. Therefore, an individual cannot use another for the accomplishment of one's own interests. This confers on every individual equal amount of dignity and therefore no one should be manipulated or exploited for the benefit of the

[37] Bowie, *Business Ethics: A Kantian Perspective*, 12.

other. This formulation argues that every person is an end and no one can be treated as a means for another.

The implications of this version of the categorical imperative for business and trade are numerous. Business and trade aim to promote their products and maximise profit amidst competition and competing ideologies. In the context of such competing systems and ideologies, Kant's imperative serves as bedrock on which the ideal business structure can be built. When Kant asserts that no one is a means for the other implies that he envisages a voluntary economic exchange where both parties and the society at large benefit. This formulation of the categorical imperative definitely puts certain constraints on the function of the economic transactions but it is a huge prospect to constitute a fair and genuine world of business.

The following quote presents a worthy summary of the implications of this formulation for business. "The Formula of Humanity thus appears as part and parcel of an overall argument for a more ethical brand of capitalism, one that would link the quality of human life to domestic and international market transactions. Yet, there is an even richer use of the Formula of Humanity, one where we unpack what it means to take on other persons' ends."[38] This I think is the most exciting aspect of humanity formulation which blends human dignity with one's business activities. With success often being the mantra of business, it makes sense to see the merit in Kant's formulation.

Corporations undertake businesses involving a variety of individuals. As stakeholders, the employees, customers and everyone who is part of the business chain enters into a special relationship with the corporation. It is the duty of the corporation to value this relationship and contribute positively towards the wellbeing of all involved. It is the way a corporation responds to the stakeholders who are the lifeblood of the business. As corporate managers, it is their duty towards others that they respect the liberty of everyone who works in their firm and assure basic rights of life.

This formulation of the categorical imperative exhorts the humanity in every person. It invites everyone to responsibly involve towards the enhancement of everyone respecting each other's

[38] Sue Martinelli Fernandez, "Kant, Lies, and Business Ethics," *Teaching Ethics,* (Spring 2002): 42.

rights. *The United Nations Universal Declaration of Human Rights* (1948) explicitly presents clear guidelines for respectful human life. Article 1 of the declaration reads, "All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood."[39] The Kantian imperative has stated this fact in unequivocal terms well before this declaration came into effect. The second formulation holds together the other formulation of the categorical imperative with its sheer emphasis of human being. Let's apply this version of the categorical imperative as an effort to specify the characteristics of a trade and business which is society-friendly.

5.1.2.1 Placing Stakeholders before Trade Benefits

This formulation of the categorical imperative advocates a new vision for the world of business. In the maddening world of reckless business competition, this version of the imperative can be an effective tool to enhance human dignity and worth. This formulation sets a tone for a moral world where the producers, workers, customers and everyone involved in business would live with due dignity and respect. When business comes before human persons, the human person loses his dignified place in the world. Therefore, Kant places human beings before everything else as *ends* in themselves.

An ideal market exchange is when two individuals with full knowledge of the goods agree for their transfer. In this act of transferring, there is satisfaction about the goods exchanged. There is an informed consent where both the parties know about the product, the terms and conditions. However, in real life, the financial markets do not function on such ideal principles and the consumers do not have sufficient knowledge of the products. There is the vulnerability to yield to unethical means, where the consumers are taken for a ride. This deceptive approach is personified in cases like Enron, WorldCom, Rite Aide, etc... The deceptive practice in business does not mean, only involving in outright flattery or lying regarding the products, but often, it is a subtle way of circumventing pertinent information. It is often argued in the business circles that *not disclosing isn't lying, it's just not telling*. Withholding relevant information about a product and attempting

[39] "Universal Declaration on Human Rights", Accessed from http://www.hrweb.org/legal/udhr.html on 25th Nov. 2012.

to sell it off, by keeping the other party ignorant is certainly *lying*, where there is no informed consent of an individual.[40]

It is here the second formulation of the categorical imperative becomes significant upholding the dignity of human beings. Business without ethics is a farce and often the norms of business have been twisted to suit the beneficiaries of the business. The sales executives make sky-high claims about their products and the wheel of business rolls amidst a lot of fraudulent and deceptive practices. An insurance agent gives all promises to convince one to take a policy which will fetch him commission. Companies show inaccurate accounts to portray themselves in good light, or to have tax exemption and the misrepresentations of facts reveal that business ethics is today in shambles. In all these and similar cases, business is given prominence over human beings where the latter become just means for the former to flourish.

Businesses run on the mercy of stakeholders particularly employees and customers and their contributions are vital to business. Therefore the needs of every one of these people should be respected and they need to be preferred before trade benefits. If the customers feel respected then business would burgeon and poor management of workers and customers will draw business downhill. Respect is a value due to everyone who comes to the market stall. If the vendor thinks that his relation to the buyer is purely business oriented then he would quickly sense my intention then it is likely that the transaction does not get through. If a seller's sole aim is to extract maximum benefit from the transaction the relationship between the parties breaks down and a subject-object attitude sets in. However, if the transaction is delicately handled then there is an appreciation for each other (buyer and seller) leading to appreciation for the product and the payment as well. This could well be the simplest application of the humanity formulation for business.

Respect and be respected. Kant acknowledges it in the Second *Critique*, "Respect is a tribute that we cannot refuse to pay to merit" (CPrR 5:77) and what makes one to respect other is the moral law. Kant says, "Respect for the moral law is therefore the sole and also the undoubted moral incentive" (CPrR 5:79). Thus respecting the buyer is not for the sake of his purchasing power or

[40] Hartman and Chatterjee, *Perspectives in Business Ethics*, 396-397.

other reasons but purely on account of moral law. Moral law is the incentive which impels us to mutually respect each other in our transactions. In disrespecting the partner in business we undermine the force of moral law. Moral law is the factor that motivates every stakeholder towards a fair and responsible approach to trade. Respecting everyone who participates in the same business is one's duty and should be carried out purely for the sake of duty.[41]

It is observed that money[42] often takes precedence over people in trade practices and priority is given to exchange of goods and services. Bilateral or multilateral trades are regular events which take place between two parties or several of them yet the participation of persons are often forgotten as money and commodities steal the show. Modern trade all over the world invariably uses money as medium of exchange. Well, if it's only a medium, that's what its role is. Practical life shows that money has outscored every other thing involved in a trade. Trade being carried out largely due to differences in the cost of production at different location, stress on money factor has become inevitable. No doubt, money is essential but how big is its role?

From the Kantian perspective, there is nothing which is worth more than a human being. Kant does not devalue the usefulness of money for he acknowledges that, "it (money) is among all things, has the greatest usefulness" (MM 6:287). However Kant argues that money has only an indirect value for it is impossible to enjoy it as such unlike a stack of grain which has a direct value. A heap of grain has maximum direct value since it immediately satisfies human needs (MM 6:287). Thus Kant certainly places money well below even what it can procure. It simply means that when

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[41] Martinelli Fernandez tells that, "The Formula of Humanity requires that we treat each other and ourselves never as simply means, but always, at the same time, as ends. Perfect duties, such as duties of justice, are ethical requirements that help us discharge the first part of our Kantian duties, i.e., not to merely use each other. To anyone, regardless of our familiarity with that individual, we owe such duties. However, imperfect duties, such as duties of beneficence, are obligations that arise when we have a particular relationship within which specified persons can discharge these kinds of obligations. Perfect duties are always required of us; imperfect duties are required of certain people who stand in relationship to each other in a particular way. A fully Kantian moral agent must discharge both kinds of duties." Sue Martinelli Fernandez, "Kant, Lies, and Business Ethics," 43-44.

[42] Kant in *The Metaphysics of Morals* offers two definitions of money. The first one is what he calls a preliminary real definition of money which reads; "it is the universal *means by which men exchange their industriousness with one another*" (MM 6:287). Secondly Kant falls back on the father of economics himself to define money: "Money is therefore (according to Adam Smith) that material thing the alienation of which is the means and at the same time the measure of the industry by which human beings and nations carry on trade with one another" (MM 6:289).

you are hungry, money does not directly satisfy it rather you are satisfied by what money brings. Therefore even if money has the utmost usefulness, it still has only a secondary value.

This discussion on *money* enables us to understand the table of values in Kant's ethical system and what tops it. And it is certainly not topped by *money*. For Penny, "Money is properly the byproduct of building men as partners."[43] If money is just a byproduct and has only an indirect value then for Kant it is the humanity in the person which is superior to all else. Businesses do not function in the Kantian mode and the world order does not prioritize on pure values.

In such a situation, Kant's ethics offers a paradigm to revive humanity. In *Groundwork* we read, "For then it is obvious that he who transgresses the rights of human beings intends to make use of the person of others merely as means, without taking into consideration that, as rational beings, they are always to be valued at the same time as ends" (GW 4:430). It is only firm applications of the principles of this nature alone can uphold the worth of humanity. Thus the Kantian imperative in its second formulation should be the underlying principle of every business enterprise and an ethical structure based on it will sustain the merit of humanity for ages to come.

Business that values humanity ahead of profit benefits from it. For instance, *Mission Controls* is a California based company which deals with food and beverage systems. The founders of *Mission Control* valued their employees and they held on to the policy that would take no salary instead of laying off any of their employees. In the very first year they had to go through difficult phases when their sales dropped drastically and all the founders of *Mission Control* forfeited their salary for about eight months until the sales started to go uphill. They continue with the policy of retaining the workers instead of downsizing during the lean period.[44] This is a clear case where the humanity in the workers are respected and the workers in return show greater commitment and strive to help the company to sail through this intricate phase. Thus there is a dual benefit where the workers feel regarded while the business gains advantage.

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[43] J.C Penny, *Fifty years with the Golden Rule* (New York: Bentam, 1950), 52.
[44] John C. Maxwell, *There is no Such Thing as Business Ethics* (USA: Warner books, 2003), 39.

For Kant the human person was supreme and he was passionate about his physical wellbeing. There is nothing which can substitute neither money nor high managerial positions. In the lectures on ethics that he gave prior to the publication of *Groundwork*, he said that what is intrinsically abominable about suicide is "the fact that a man uses his freedom to destroy himself, when he ought to use it solely to live as a man; he is able to dispose over everything pertaining to his person, but not over that person itself, nor can he use his freedom against himself." (LE 27:343).

Kant using the case of suicide emphasises the significance of the human person where he has all powers to get rid of anything belonging to the human person but not the person itself. Suicide as an example stands as a medium to itemise Kantian regard for the person. The same applies to trade as well where the demands of business can extract anything out of the person but not the person himself: his humanity. Thus from Kantian perspective irrespective of the advantages of business the stakeholders should be respected and the humanity in them should not be compromised for obtaining trade benefits.

5.1.2.2 Physical Wellbeing of Those in Trade and Business

This second formulation of the categorical imperative implies not merely the moral development and respect for humanity in every individual rather it also means the physical wellbeing[45] of people. Respect for the person is intrinsically connected to the physical wellbeing. The stakeholders of business cannot go unpaid and their basic needs unmet. This welfare of everyone is mandated by his moral theory of duty.

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[45] *Physical wellbeing* also means that the stakeholders' safety have to be a priority in the scheme of things of a company. There should be no act of negligence for the safety of customers and everyone such as the manufacturer, distributer and the sales persons are liable if they don't pay due care for producing and selling a thing and if their product leads to harm its users. If it happens to hurt the user then the doctrines of *strict liability* and *absolute liability* have to be considered and appropriate actions to be taken. The doctrine of *strict liability* holds that, "the manufacturer is liable for a person's injury or death if a product goes to market that is dangerous because of a known or knowable defect. A consumer has to prove three things to win the suit: (1) An injury happened, (2) the injury resulted from a product defect, and (3) the defective product was delivered by the manufacturer being sued." *Absolute liability* is seen in cases when the manufacturer does not warn customers of product dangers even if they don't know from a scientific point of view with certain amount of surety when the product was sold. For instance the manufacturers of medicines who may not spell out the future side effects of their medicines are also liable under this doctrine. However, there are also certain legal and moral limits for the product liability which are important to avoid instances of manipulation of these doctrines. *See* Joseph W. Weiss, *Business Ethic*s, 150-151.

In his enumeration of duties Kant narrates a case, where everything seems to be going well for me while the other undergoes hardships. But I do not feel it necessary to assist him as I do not take anything from him and I don't even envy him. For Kant such a maxim cannot become a universal principle of nature and he asserts, "For, a will that decided this would conflict with itself, since many cases could occur in which one would need love and sympathy of others and in which, by such a law of nature arisen from his own will, he would rob himself of all hope of the assistance he wishes for himself" (GW 4:423).

In a business set up particularly when the workers are paid based on sales, it is the duty of the owners to look into the needs of the employees during the lean period when sales are low. Kant says that we must not treat others instrumentally because rational nature exists "as an end in itself" (GW 4:429). Treating instrumentally would mean using them based on needs of the firm or individuals. When a firm needs greater labour force they may employ more people and downsize when not required but when they are without labour, the firm has a responsibility to guarantee that their basic needs are met.

Though Kant emphasizes that everyone should be treated as ends and calls for respect of all persons, he does not endorse begging[46] as a way to cater to the physical wellbeing of every one. It is a significant move in Kant's moral theory in the context of firms where the workers take out to the streets claiming their basic rights from the exploitive firms. For instance on May 2, 2002, the California Supreme Court verdict of the Marc Kasky vs Nike case stated that safe working conditions are inevitable and it needs to be defended in the court and recompensed for the denied period. Nike's plea for a review was turned down and finally Nike had to pay 1.5 million dollars

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[46] Kant in *The Metaphysics of Morals* describes begging as "closely akin to robbery" (MM 6:326) and his *Lectures On Ethics* give us his views on begging. He writes, "A poor man who begs is constantly depreciating his personhood and abasing himself; he makes his existence dependent on other people, and accustoms others, by the sight of him, to the means whereby we neglect our own worth. The state must therefore restrict open begging as much as possible, rather than encourage it; it is permissible only to activate the natural feeling towards love of mankind" (LE 27:706). It is not that Kant blindly opposes alms giving rather he gives reasons that evolve from his deep philosophical reflections. Kant does not leave it abruptly rather suggests alternatives to almsgiving highlighting the social responsibility of everyone besides emphasising the role of state to monitor the sharing of resources of the state. He writes, "If men were strictly just, there might be no poor, in whose regard we think to display this merit of beneficence and give alms. It is better to be conscientious in all our actions, and better still to help the needy by our conduct, and not merely by giving away the surplus. Alms-giving is a form of kindliness associated with pride and costing no trouble, and a beneficence calling for no reflection. Men are demeaned by it. It would be better to think out some other way of assisting such poverty, so that men are not brought so low as to accept alms" (LE 27:455).

to the *Fair Labor Association* which takes care of the working conditions of the workers.[47] There are several such instances and the humanity formulation of the categorical imperative forms a solid theoretical base for the safety of every worker.

So, physical wellbeing entails besides safe working conditions time of rest and leisure. The working hours have to be in line with the laws prescribed and overtime work must never be demanded but the worker chooses if he desires it. The Indian Factories Act 1948[48] presents the code for the welfare of the employees and the manner they need to be treated and their humanity respected. The factory which employs workers take into account various factors such as limitation of working hours, overtime payments, bonuses, weekly holidays etc… which are the expressions of respecting the humanity of the individuals in a business enterprise.

It also brings to light the issue of layoffs and the downsizing of employees which goes against the Kantian principle. In moments of downsizing, the workers are dismissed to reduce their number and it is carried out on the belief that an enterprise should operate with fewer people to increase profit or cut loss. The idea here is to terminate the employment of a certain number of people. But the second formulation of the categorical imperative does not approve downsizing of employees as it uses this method to increase the shareholders wealth by using workers as means for the same. However, if the process is carried out in a mutually acceptable manner where the contractual agreements are addressed, then it takes care of the concerns of the second formulation. Thus the Kantian imperative gives due place not just for the moral wellbeing of human beings but also to the physical wellbeing of every one in every walk of life which includes trade and business.

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[47] Oliver F.Williams, "The UN Global Compact: The Challenge and the Promise," 242.

[48] *The Factories Act 1948* of India which came into force on1st April 1949, states in article 49, (1) "In every factory wherein five hundred or more workers are ordinarily employed the occupier shall employ in the factory such number of welfare officers as may be prescribed." Regarding the number of hours of work, article 51 states; "No adult worker shall be required or allowed to work in a factory for more than forty-eight hours in any week." Pertaining to the holidays the next article reads, " (1) No adult worker shall be required or allowed to work in a factory on the first day of the week (hereinafter referred to as the said day), unless-- (a) he has or will have a holiday for a whole day on one of the three days immediately before or after the said day." Article 53 deals with matters pertaining to the compensatory holidays and 55 specifies the rest that every worker needs and it reads, "2*[(1)] 3*[The periods of work] of adult workers in a factory each day shall be so fixed that no period shall exceed five hours and that no worker shall work for more than five hours before he has had an interval for rest of at least half an hour." "The Factories Act", Accessed from http://pblabour.gov.in/pdf/acts_rules/factories_act_1948.pdf. on Aug.2nd 2012.

For Kant, duty implies that we approach and treat other rational beings not merely as collections of needs rather as persons who search to establish themselves as *ends*. Therefore it is our duty not merely to preserve every rational agent so that they may not perish rather fostered to pursue their ends. Preservation of others and the self-preservation of oneself is a duty (MM 6:452) and not just to exist but exist as humanly as possible.

5.1.2.3 Ensuring a Salary Sufficient for Respectful living

The second formulation of the categorical imperative entails that everyone receives what they deserve because that is a way of respecting the person. The workers who contribute to the business deserve in return from the proceeds of the business. It is their right to receive a salary for a respectful living. The neoclassical economic theory holds that what one deserves is in proportion to his contribution made to the firm. In other words, the compensation an employee receives will be equivalent to the worth of his labor. The salary that a worker is entitled is calculated according to his marginal revenue productivity (MRP). Paying more than MRP brings loss to the firm and in this case, one gets paid more than one contributes to the firm. [49] According to this method of calculation, paying less than MRP would add to firm's financial stability but might face hardships from labor unions for better pay scale. It also forces workers to leave the firm and look for new opportunities.

At the outset, it appears to be a viable formula where everyone is paid according to what one deserves. Thus justice is done and no complaints are possible and the firms are free of the harassment from the trade unions and the judiciary. When Kant invites us to consider others as autonomous beings and dignified persons he appears to mean to treat everyone as they deserve. Though it is not totally a wrong perspective, deeper reflection on the second formulation reveals a greater responsibility from the human beings for each other. But when Kant invites to treat everyone as ends in themselves, it is not just to treat people as they deserve according to their service, rather treating on account of their humanity. The humanity in a person is beyond any comparable worth and therefore his wellbeing needs to be taken care of not in comparison to what

[49] Jeffrey Moriarty, "Deserving Jobs, Deserving Wages," in *Normative Theory and Business Ethics*, 124.

he contributes but so as to respect his humanity. It would mean in economic terms looking beyond the MRP, if the firm is in an affordable situation, and pay him a salary which is sufficient for respectful living: respecting his humanity.

Couple of key concepts that have become the mantra of the multinational companies since recent decades have been *downsizing* and *outsourcing*. *Downsizing*, as we have discussed earlier, leads to reduction in the workforce of a business unit which increases the workload on other employees and also the profit of the organization. *Outsourcing* also is aimed to serve the interests of the business which lets organizations to pay for the services of the people only when they need them. Sometimes two organizations come to a common understanding to share their skill and expertize and pay accordingly. It is often done from outside the country, popularly known offshoring or offshore outsourcing. Though it has immense advantages such as no need for special trainer to train new candidates thus reducing operating expenses and providing budget flexibility, ultimately benefits exclusively the business organization.

Kant does not go against these principles of downsizing and outsourcing as these are character traits of a sound business mind and at times inevitable for the survival and larger interests of the business. However, when they are done purely from the business motive with no regard for the employees is obnoxious from a Kantian perspective. The workers who suffer on account of these practices of the firm have to be duly paid for. Their post-retirement needs have to be cared for, as they have given the best part of their lives to the organization and it is the organization's way of reciprocating to those responsible for its making.

And it is also unacceptable when a firm outsources at the expense of its regular employees in spite of huge profits in the previous fiscal years. For instance, some years ago, Australia's largest airlines which were also viewed as world's most profitable airlines, was all set to outsource 7000 employees off shore and axe 3000 employees who were part of its success story.[50] This is a clear example where a Kantian would raise objections to these inhuman practices of business. A successful corporation has a primary responsibility to pay and maintain its workers and not go lay off with a pure utilitarian motive. The second formulation brings to fore the commitment to a

[50] Goran Svensson and Greg Wood, "A Model of Business Ethics," *Journal of Business Ethics* 77, (2008): 317.

humanitarian business that does not bypass basic principles of human living for the vested interests of corporation. A profitable organization should implement a pay scale which is conducive for a decent living of the employees while he is with the corporation or after his retirement. This is the Kantian way of respect for persons in the context of a business.

5.1.2.4 Ends in Themselves: Treating Consumers with Dignity andRespect

The Kantian principle of *ends in themselves* is definitely the suitable theory to safeguard the consumers from the sickening producers. They want to thrust upon the customers their products by misrepresenting them through false propaganda, overprizing or withholding selling product information. The manufacturers have a right to protect the interests of the consumers by producing safe and healthy products. However, often times, health is compromised for the sake of fancy products.

According to the contract view of the business firm's duties to its customers, there is a contractual relationship built between the business firm and the customer. With the purchase of the product, the business firm agrees to hand over a thing of certain specific features to the customer and in return he agrees for a monetary payment. The contract theory holds that, "the business firm's duties to its customers rest on the view that a contract is a free agreement that imposes on the parties the basic duty of complying with the terms of the agreement."[51] Any violation of this contract goes against the very foundations of Kant's ethics. If a business unit violates this contract in whatever measure, from a Kantian perspective, it would raise the question whether the distortion of facts, while making the contract can be universalised?

Another issue which is not uncommon today and challenges the dignity and respect of the consumers is that the economically poor countries be made dumping ground of the hazardous products, in view of profit by the developed nations. The loss of lives and health concerns arising from consumption of substandard products are recurrent. About 400 Iraqis died and 5000 were

[51] Velasquez, *Business Ethics*, 340.

hospitalised after eating wheat and barley which were treated with the U.S. banned organic mercury fungicide. Again, Winstrol, which is a synthetic male hormone which was the cause of stunt growth of American children, was later made available for the children of Brazil as an appetiser. In Costa Rica, DowElanco's weed killer is sold, though it is banned in US as it can cause cancer , while Dipyrone the pain killer is banned by the US Food and Drug Administration (FDA) for it can lead to blood disorder, but it is available at the medical stores in Mexico City.[52]

With such staggering negative records haunting the human society, we find it hard to believe that the business-world would treat us with respect and dignity. We too look with pity at the incapacity of the laws and law makers to ensure genuine products. We also seem to lose faith in a world, which only apparently guarantees the safety of consumers with its protective system such as Consumer protection acts, Food and drug administration, Environmental protection agencies etc. These external laws haven't given us an inch of assurance and therefore an inculcation of a deeper moral law at the depth of one's being alone can uphold the dignity of humanity. It is here, the *ends in themselves* principle arising from one's *moral law within* as an act of duty can be more than handy.

Kant incessantly pleads in his writings to treat every other person in dignity and respect. In *Groundwork*, Kant says, "Morality is the condition under which alone a rational being can be an end in itself. . . Hence morality, and humanity so far as it is capable of morality, is the only thing which has dignity" (G 4:435). And applying this principle of groundwork in his later work *The Metaphysics of Morals,* he urges everyone to remember that our respect for a person is because of his moral character. He writes, "this is why showing respect for a human being as a moral being is also a duty that others have toward him and a right to which he cannot renounce his claim" (MM 6:464).

Again in the Second *Critique,* Kant says that "the human being (and with him every rational being) is an end in itself, that is, can never be used merely as a means by anyone (not even by God) without being at the same time himself an end, and that humanity in our person must, accordingly, be holy to ourselves" (CPrR 5:131). And even the Third *Critique,* Kant does not fail to leave a

[52] Shaw, *Business Ethics*, 34.

note of homage to the human person as he says that, “it is only as a moral being that man can be a final purpose of creation” (CJ §86).

These repeated appeals reveal his passionate desire to bring to the attention of human community to treat everyone, every stakeholder with respect in business particularly the customer and the employees at the bottom level who are often the victims of dehumanization. Only a society bonded in such fraternity is the ideal ambience for human existence. The second formulation is the *golden rule* which can animate the society towards its purposeful end. Kant by stressing the respect-for-people principle has given a code for implementation in business organizations duly considering the human person.

5.1.3 The Third Formulation as Envisioning the Legislator of the Moral Community

Kant, for the third time, defines the categorical imperative which he thinks essential to understanding it in its entirety with all its nuances. It reads, “(act) so that the will could regard itself as at the same time giving universal law through its maxim” (GW 4:434). Here Kant exposes the depth of categorical imperative by asserting that every human will is potentially also a law giver. The individual will is capable of not just following a law but also of defining it. Thus the individual becomes also the legislator of the universal law, where he is not just a subject, but also its boss and legislator and he obeys it in his person, and gives it as a law to the community.

Kant asserts it further in these words: “Hence the will is not merely subject to the law but subject to it in such a way that it must be viewed as also giving the law to itself and just because of this as first subject to the law” (GW 4:431). Thus the human person is not subjected to a law that is someone’s making rather he is also the author of the law and its principal caretaker. This is what makes this formulation unique and special. It brings the categorical imperative to its complete exposition leaving the reader with no ambiguities regarding its origin and horizon.

Thus, the third formulation takes Kant’s ethics to a new high where the individual not only follows faithfully the law of his choice, but also devices it as well, for the entire community from his own maxim. This is of a great value to business ethics, for, when a firm sets a standard, it should legislate it, apply it universally, abide by it, and offer to the entire business community. It also implies that the business products have to be of a standard which could be consumed by any individual irrespective of social and economic status. What one produces should be healthy to one's wellbeing to the best of his knowledge, and in a given situation, it may be consumed by him or anyone in the society.

5.1.3.1 Profit-making Firms and Their Duty of Beneficence to the Community

The industries manufacture and sell products with an eye on getting good returns. They wouldn't be satisfied just with their investment back, but profit as well. The industries make profit and at times they make it in huge sum, and not always ethically. In this process of maximization of profit, they gain out of the toil of workers, sales personnel, retailers and consumers. At times their demand of work even takes ugly forms such as child labor, bonded labor, slavery and often, they are forced into hard labor because of their socio-economic conditions. Thus, they are often forced into cheap labor with or without genuine or explicit consent.

In Kant's opinion, one must not use others in ways to which they could not express consent. Everyone should respect others without manipulating them or without treating them as a means of one's benefit. So Kant argues that these industries have a duty of beneficence towards people. Kant's definition of beneficence is a huge inspiration in this direction. He defines beneficence as, "the maxim of making other's happiness one's end" (MM 6:452). It means that the profit-making industries should make it their agenda, to realize this duty of beneficence and promote the happiness of others. For Kant, beneficence is a duty, which should not be treated as charity or generosity. A rich man helps the needy because he possesses the means to do so. The satisfaction from a beneficent act which did not demand any sacrifice from anyone is a disgrace to the moral law. It is a duty one owes to the other without expecting to be honored (MM 6:453).

Thus, Kant's philosophy of beneficence as duty enhances the social corporate responsibility. The industries have a moral commitment to the people and to guarantee product safety and fair pricing. Today we are bombarded with discount sales, factory sales, stock-clearance and offer-prices by business firms and agencies and they consider it a service to the public. They mushroom at every plaza with a greater intensity particularly during the festival seasons in India. These firms take pride in saying that they do a great service to the humanity. However, the fact is that often the propaganda of this type is not genuine, for these are, substandard products, old-stocks or products of manufacturing defects. And, even if they were genuine discounts, in Kant's view, they cannot claim merit in it as it is their duty to share more than what they have, for a genuine discount is offered because the firm can afford it.

It is in the context when those involved in such business activities consider them as duty of beneficence that the ideal moral community becomes a way of life. The ideal community is a *kingdom of ends* in which people are never merely used by others, and no one acts on principles to which others could not consent. Trust is fundamental to the relationships of respect between the members of the kingdom of ends; the ideal moral community.

The profit-making firms have a duty to promote genuine policies in the society. It is not merely at individual level or at a small group of workers who are associated with the business unit that the duty of beneficence to be exercised, rather the Kantian duty of beneficence has no bounds and limits. It is extended to every end of society depending on the reachable distance of the business. A business that runs on Kantian principle will set a model in its functioning while ascertaining it a way for the world.

For instance, let's consider the anti-corruption policy for Microsoft representatives. Its policy "prohibits the corruption of government officials, which means paying money or giving something of value to a government official to obtain an improper benefit. This Policy similarly prohibits the payment of bribes or kickbacks in commercial transactions regardless of whether any government officials are involved. Corruption is forbidden by the laws in almost every jurisdiction of the world. This Policy also prohibits money laundering, which is the process of concealing funds that have been illegally obtained."[53]

This Anti-Corruption Policy of Microsoft could be seen as an example of application of Kantian imperative in the formation of local laws. It is absolute, objective and indiscriminate where the

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[53] Microsoft, " Corporate Citizenship", Accessed from http://www.microsoft.com/about/corporatecitizenship/en-us/working-responsibly/integrity-governance/political-engagement/ on 26th July 2012.

policy is evolved at the level of the organization and extends beyond itself to incorporate the social concerns. As the third formulation of the categorical imperative invites, the corporation is the author of the law, practices it within and responsibly fulfills its obligation of beneficence to the community. As a policy, in a true spirit of Kant, it addresses the issue of corruption in its business and also at all levels: beyond the business and at governmental and societal levels. This self-made policy is legislated as a universal duty of beneficence to the entire society first to be developed, conceived and practiced within and legislated for all. (This interpretation is not to suggest that this policy is practiced as interpreted here, rather to show its normative closeness to Kantian standpoint).

Kant invites everyone to practice beneficence as it is their duty and human beings depend on others' beneficence is due to the injustice of Government. He writes, "Having the resources to practice such beneficence as depends on the goods of fortune is, for the most part, a result of certain human beings being favoured through the injustice of government, which introduces an inequality of wealth that makes others need their beneficence. Under such circumstances, does a rich man's help to the needy, on which he so readily prides himself as something meritorious, really deserve to be called beneficence at all?" (MM 6:454). Though Kant here relates it to the responsibility of the government for the discrimination leading to people depending for the beneficence of others, the business corporations are also places of similar discrimination. Thus when Kant calls beneficence a duty, it implies from the respective government's point of view that it is a national duty and from a business perspective it is a duty of the corporation. In brief, it could be stated that beneficence is a duty of every human agent irrespective of his walk of life.

In his *Lectures on Ethics* he says, " Beneficence to others must rather be commended as a debt we owe, than as a piece of kindness and generosity; and so it is in fact; for all acts of kindness are but small repayments of our indebtedness" (LE 27:456). Therefore the business corporations have an obligation for the common wellbeing of everyone and it should always be seen as a duty to the human community and a debt to be paid in return by the company for the service rendered to it by the stake holders. Thus the third formulation of the categorical imperative impels the businesses to be mindful of their duty of beneficence.

5.1.3.2. Kingdom of Ends: The Business Firm as a Moral Community

Kant gives a variant of the third formulation after asserting that everyone is a legislative member. He moves a step further to state that the privilege of being a law making member is for the sake of the common good. The law making member is asked to transcend his personal gains for the noble cause of a common good and therefore the variant reads; "every rational being must act as if he were by his maxim at all times a law giving member of the universal kingdom of ends" (GW 4:438).

Kant in this form of the third formulation exhorts that an individual law maker's role is to promote a universal kingdom of ends. It is a natural follow up of the first formulation to find its culmination in this concept of the kingdom of ends. If we put together the *universal law* principle of the first formulation, and *treating everyone as end* in the second, we arrive at this exciting climax of the *kingdom of ends*. Paton writes, "The system of a kingdom of ends governed by self-imposed, objective laws is the framework within which the private ends of ourselves and others ought to be realised. Such a framework by its apparent emptiness leaves room for the creativeness, in a sense the arbitrary creativeness, of human will."[54] In business, this variant of the formulation gives the right impetus to view the industry as a moral community. The law makers who decide on the products and their prices act in a sense of moral responsibility realizing the need to promote a moral community.

This Kingdom of end formula as we have said is an attempt to connect different formulas and show their commitment for a common wellbeing all people. It is not a new formulation rather Kant's further effort to capture what he has already ascertained in previous formulations, at least in three if not more, culminating in this variant of the kingdom of ends.

This formulation views the organization as a moral community. Bowie observes that, "Each member of the organization stands in a moral relationship to all the others. On one hand, the managers of a business firm should respect the humanity in all the persons in the organization. On the other hand, each individual in a business firm, managed as a Kantian moral community, should view the organization other than purely instrumentally, that is, as merely a means for achieving

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[54] H. J. Paton, *The Categorical Imperative*, 187.

individual goals. Organizations are created as ways of achieving common goals and shared ends."[55]

Thus, this variant of the third formulation gives everyone in business a responsibility to march towards human fellowship in a bond of communion bound by the spirit of humanity in every rational agent. An organization stands as a means for social action and in the process the individual needs and aspirations are nurtured. Individual goals and objectives are not sacrificed rather channelized for a greater purpose in respect for humanity. Even the competitors should be considered in empathy because one's commitment to ethical behavior demands such an action besides being enforced by the Kantian imperative.

However, it is a fact that the spirit of moral community as envisaged by the third formulation is regularly overridden by the corporations who are powerful to bypass labor and environmental norms in most of the developing nations. The MNCs operating worldwide use coercive influence to manipulate the weak judiciary of several host nations to enforce laws which do not have welfare of humanity in their scheme of things. There is always a fear factor operative in the minds of these host nations that strict measures would make these MNCs to move away from their territory to nations which are willing to exercise flexibility in their laws and are not people-friendly.[56] Any tampering with the laws lead to denial of basic rights of its citizen and the corporate managers have a duty in a Kantian spirit to ensure that laws respected and people regarded.

The business fraternity as a moral family is the emphasis of the Kantian imperative where profit is the byproduct of common action. Holtman's reading of Kant makes a valued summary to this discussion. He observes, "importantly, we must further conceive of this community as one in which we are governed by laws of our own making that reflect our mutual status as ends. Our maxims and the actions based on them should reflect this understanding of ourselves and our

[55] Bowie, *Business Ethics: A Kantian Perspective*, 11.
[56] See Denis G. Arnold, "The Human Rights Obligations of Multinational Corporations," in *Normative Theory and Business Ethics,* 66.

fellows and of the community appropriate to us."[57] Kant's formulation underlines with immense care the normative base for a human fraternity where moral oneness is the basic character trait.

In conclusion, it may be ascertained that the vital features of Kant's ethics are, his conception of human persons as people of worth, and then, proceeding from it to constitute the ideal moral community. According to Kant, everyone has a value due to his autonomous and rational nature which needs to be respected. We have seen in this chapter, how the categorical imperative, as the maxim behind one's actions, be conceived as universal law is a theory par excellence. Moral communities can work on moral principles and Kant keeps it to just one single, broad and all-inclusive principle. Kant's three formulations of the categorical imperative together provide a prosperous outline for the business ethicists to guide businesses towards raising a moral society.

5.2 Implications of Categorical Imperative for Business Organizations

After having elaborated in some detail the possible relevance and application of the Kantian imperative for business and trade, we now aim at summarizing our discussions with some concluding remarks. The Kantian imperative sets a benchmark for a rightful approach for the sustenance of business organizations. It facilitates a cordial relationship between the different stakeholders in business. For example, Svensson and Wood present the relationship between suppliers and the company which fits into our discussion here. According to them, though the suppliers have a duty to remain faithful to the protocols of the company they are not inferior partners in the relationship. A subordinate treatment of a supplier hampers the relationship among the stake holders because everyone should be considered equal in the venture and therefore deserves due recognition. They are all participants in the same mission which includes creating value in the market place for everyone who is part of it. Consultation between suppliers and company should be regularized so that they endorse company's ethical stand and contribute effectively within the ethical parameters set by the company.[58]

[57] Sarah Holtman, "Autonomy and the Kingdom of Ends," in *The Blackwell Guide to Kant's Ethics*, ed., Thomas E. Hill, Jr. (West Sussex: Blackwell Publishing Ltd., 2009), 107.
[58] Svensson and Wood, "A Model of Business Ethics," 315.

The description of this supplier-company example is just one instance where Kantian imperative has a viable role and this example could be extended to other relationships such as producer-consumer, wholesaler-retailer, retailer-customer etc. Any attempt to consider one party subservient to the other impedes the smoothness of business transactions. The imperative is the normative base for all business protocols where everyone's interests are sufficiently cared for. Mutuality in exercising freedom and sharing of responsibility is the key factor for fair trade practices.

This aspect is brought to the fore in its most appropriate manner in the categorical imperative which does not permit differences among human beings in any form as humanity is the common essence shared by all human beings and there in no gradation in the depth and quality of humanity among persons. If one is the General Secretary of the firm and the other is a lowest grade worker, yet both deserve the same respect as there is humanity in both. This is the point that the categorical imperative brings towards enhancing equality in the business fraternity.

The second formulation in particular which invites all to act respecting the other always as ends reveals the view on which the Kantian deontology is based. The self-defined laws beginning with its autonomous nature of the first formulation, well-held by its humanity formula culminates in individual legislation into a Kingdom of ends brings morality within every one's reach. As an astronomer explores the outer space, the celestial bodies particularly its positions, dimensions and composition, through rational speculation and experimentation, so also Kant makes the discovery of moral structure possible through a rational process.

His rational morality flows from one's faculty of human mind and its immense powers for rationalization. His critical philosophy that even critiques reason brings forth a morality that singles out the humanity in everyone regarding why equality among rational agents is that which gives solidity to world order including the business network. This rational formulation of the categorical imperative flows from the human nature to look for unanimous platform for authentic self-expression. Morland shares these sentiments when he writes; "As such, it is our very humanity that demands the rational formulation of universal moral laws. For Kant, human beings, as autonomous law-givers, enjoy a status that should not be compromised. However, this deontological worldview, with its anthropocentric orientation, may not always translate easily into a world where business organizations are treated as though they were moral agents."[59]

Morland's fear is genuine as he raises the concern that if this human centered moral ideology would ever bring forth its desired results. A moral thought as high and demanding as Kant's, cannot not be inculcated easily into a social order which is still fumbling with contradictions. An ideal stands above the average human accessibilities so that the human beings in their striving for perfection find a reason to race ahead. The high standard set by the categorical imperative is a vision for every individual as well as communities to search after. Goals are set to be beaten but they always remain far away. Kantian imperative is a goal with a far-reaching impact for the business world. A profound understanding of Kantian imperative helps stakeholders to cherish an amicable relationship as responsible corporate citizens. Businesses may face huddles or even incur loses but lending a shoulder in a spirit of oneness to each other as shareholders, managers, employees and customers is what the Kantian imperative calls for. There is no better way than this to respect the humanity in oneself and in others as the categorical imperative envisages.

The Kantian morality invites business organizations to adopt a new culture with a new set of codes for contact. This code that comes in the form of categorical imperative is simple, broad, rational and free. It may be demanding but not imposed, vague but inclusive and logically comprehensive. And it is effective in upholding the merit in every human person and place business and trade at the service of them. In a world that witnesses the rise and fall of ethical theories at regular intervals, the Kantian scheme would have valuable insights in spite of its drawbacks. It is not a full-proof theory but certainly the most genuine encouraging the people to respect each other whether in business or otherwise.

5.3. Unfeasibility of the External Norms and the Exigency of the Internal Moral Law

The experiences of the world events reveal that the external laws have been ineffective to its most part to curb frauds and consumer negligence. Many companies and their managers have involved

[59] Painter-Morland, *Business Ethics as Practice*, 58-59.

in activities which resulted in damaging consequences and got away scot-free. Inflating financial statements to project a rosy picture of the business in order to attract new investors is a frequent event, which has led to frauds that hit headlines in the recent years.[60] Karan Arora wrote in *The Financial Express*, "Ethical decision making gets especially interesting when organizations must reconcile their core values and show a healthy bottom line which ends up in conflict with one another. The company and its management might get diversified to malpractices. Enron, WorldCom, Satyam, Xerox and other scandals shook public confidence in ethical value system of organizations."[61]

The tragic part of it is that they have been carried out so systematically in an organized manner for several years in spite of stringent norms set forth by different acts relating to business and trade. We could be right to presume that several other companies who might have involved in such heinous crimes of tampering with business records have never been tracked by the existing external

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[60] This could be further supported by the repeated acts of mismanagement which have taken place consistently over a period of time some of which have come to light after they have been at it for a long time. The *Satyam* case is one that immediately comes to the mind as it took place in India, often nicknamed as Indian Enron and the first high profile case of fraud since the global financial crisis. I present an extract of Mr. Raju's letter to the Board of Directors, Satyam's founder, chairman and CEO. It clearly reveals how the auditing laws can be cleverly manipulated consistently for years and one might suppose that there are as many external business laws as the loopholes in them. The extract follows below;

> To
> The Board of Directors
> Satyam Computer Services Ltd.
> From
> B. Ramalinga Raju
> Chairman, Satyam Computer Services Ltd.
> January 7, 2009
>
> Dear Board Members,
> It is with deep regret, and tremendous burden that I am carrying on my conscience, that I would like to bring the following facts to your notice:
>
> 1. The Balance Sheet carries as of September 30, 2008
>   a. Inflated (non-existent) cash and bank balances of Rs.5,040 crore (as against Rs.5361crore reflected in the books)
>   b. An accrued interest of Rs.376crore which is non-existent
>   c. An understated liability of Rs.1,230crore on account of funds arranged by me
>   d. An over stated debtors position of Rs.490crore (as against Rs.2651 reflected in the books).
>
> "Accounting Fraud of Satyam", Accessed from http://basiccollegeaccounting.com/2009/01/accounting-fraud-of-satyamindian-enron/ on July 24th 2012.

[61] Karan Arora, "There are very few second acts, once the public perceives the organisation is flawed by dishonesty or inferior quality," *The Financial Express @ campus*, Monday Oct.12, 2009.

rules. In the case of *Satyam*, it was argued that its accounts have been audited by PricewaterhouseCoopers (PWC)[62] one of the best known for accounting and yet the fraud went undetected for several years.[63] It only shows that even the most equipped external system of laws with the best qualified in its ranks can barely halt a transgression.

The stringent of all external laws have not been very successful to check these companies from carrying out illegal business. Another aspect which go unchecked by these laws is the consumer negligence where substandard products which could be potentially harmful to the consumers. Look at the Nano car example, where several of the first edition of Nano cars caught fire. No doubt, they were priced cheap, but it was never informed to the buyers that cheap prizing of the car would be potential cause for fire accidents. Every consumer has a variety of rights such as right to health and safety, right to be informed etc. Given these rights, it is uncertain if the Nano cars were fitted with safety fuse which would have come handy in such instances of fire. This is another case where the external norms have not protected the rights of customers.

The external norms which are meant to protect people have always come with loopholes which give opportunities for exploitation. Justice operating through external norms gives enough room for misappropriation. It is where the Kantian imperative has an edge as it evolves from within the individual through a rational formation of a maxim that acts as a universal norm directing everyone's actions. The external norms are generally imposed from outside while the internal moral law freely evolves from within and therefore it receives respect from its author. Though the external norms may be formed by sincere people with genuine interests for humanity, they are not imbibed by the people in the same true spirit of humanity.

At times these laws come from legislature or the parliament or other similar administrative bodies and therefore do not reflect the conviction of common man. The external norms of business with

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[62] Price water house Coopers popularly known as PWC is a UK based global professional services. It is the largest professional services of the world and the largest of the 'big four' accounting firms measured by 2011 revenues. It has offices in 158 countries and employs 1, 69,000 people. Its total revenue of 29.2 billion dollars for FY 2011tells about its giant stature. PWC came into existence in 1998 with the merging of Coopers & Lybrand and Price Waterhouse in 2010. Wikipedia, "PricewaterhouseCoopers," Accessed from http://en.wikipedia.org/wiki/PricewaterhouseCoopers on 12th Sept.2012.

[63] "Accounting fraud of Satyam", Accessed from http://basiccollegeaccounting.com/2009/01/accounting-fraud-of-satyamindian-enron/ on 13th Sept. 2012.

stringent auditing norms are in place all over the world and yet business crimes are on the rise. On the contrary when people realize the significance of acting responsibly from within then great humanitarian frameworks have been installed. In times of war (eg: Kargil) and flood the Indian public and the business giants of the country have been generous to contribute for the victims with no external laws demanding them to do so. It is the moral law at work deep within that calls for action in respect for the suffering humanity in every other person. It is exactly what we mean by acting on a maxim of universal brotherhood.

However the challenge to humanity is consistency that every human being has to consistently act on a maxim which may be universally acceptable to all. The Kantian categorical imperative could serve as a viable ethical norm for businesses as it can inculcate a value with no force from outside but from internal conviction of people in business. A few people who actualize categorical imperative in their business transaction can contribute to a just society than several others who act merely for the sake of external laws. Therefore the realization and application of the internal moral law is an exigency today and the externally imposed laws have been proved unfeasible at least to some extent.

However, having said these, I must assert that the external laws are necessary as there are always people who do not see and act on maxims of universal nature. The imperatives of hypothetical nature often dominate human behavior and the external laws come handy at such times. The external norms also may at times assist the formation of maxims which can be worthily called categorical imperative. Ultimately, the need for acting on universal maxim is the exigency and the moral development of the world relies on how quick people begin to realize the moral law and act from it. The best nation is not that which has put in place the best judiciary rather which grooms best moral citizens who are able to act out their inherent moral convictions.

To conclude, according to Kant, everyone has a value due to his autonomous and rational nature and so deserves respect. We have explored in this chapter, how the categorical imperative, as the maxim behind one's actions, be conceived as universal law is a theory par excellence. Kant's three formulations of the categorical imperative deliver a prosperous outline for the business ethicists. Any firm or business looking for a viable ethical theory to base itself will find in Kant's ethics a near-perfect paradigm. Though it has its drawbacks and as we know that no one theory can be absolutely flawless, this is a certain theory that upholds the spirit of humanity as a totality. And for this reason the categorical imperative, when all its various formulations are taken together is immensely purposeful for the business to depend upon.

CHAPTER: SIX

RELEVANCE OF KANT'S ETHICS TOWARDS A JUSTIFIABLE BUSINESS AND TRADE PRACTICES: ENVISAGING A HUMANITARIAN SOCIETY

A healthy moral standard is essential for the humanity to strive for perfection. The moral standard of an institution will determine its value system and influence its priorities. Any institution with an authentic moral system will transmit a healthy culture of values promoting human welfare and transformation. Such a healthy system of morals is humanitarian and holds humanity in communion. This is the sort of moral system which needs to be maintained in every stratum of human living. In trade and business, we are unfortunate to witness a series of unethical practices which undermine the spirit of humanity. The genuine moral standards are often side lined as they do not support the business practices that injure ethical individuals.

Today, we need to have a business practice which would uphold the conventional ethical norms while deriving newer applications for the current issues in business. These applications are warmly sought in the world of business today. "Whether products are healthful or harmful, work conditions safe or dangerous, personnel procedures biased or fair, privacy respected or invaded are also matters that seriously affect human well-being."[1] Thus the humanity is at risk from the misplaced values of the business practice today. In the theoretical ethical philosophy of Kant, we have a model for a viable alternative for a human-friendly business ethics. In this chapter, we explore a

[1] Shaw, *Business Ethics*, 6.

few trends of humanitarian ethics of Kant which is an exigency for the world and precisely, for a healthy trade and business.

6.1 Social responsibility of Business Corporations: A Kantian Standpoint

Social Responsibility as a term implies in the context of business that companies and corporations have to contribute towards the social welfare of the society. Sharan defines it as the, "behavior of the organization, which should also be ethical and balance its commitments to investors, workers, customers and the secretaries in general. This means that shareholders should be given a fair and regular dividend and consumers should be asked to pay a fair price. This is because the socially responsible behavior of a company benefits everyone related to it in the long run."[2]

They need to channelize the resources towards the development of society as a whole. The companies involve in acts of social responsibility in order to generate interest and support for their services and products. The companies are sustained by the profit made from consumers and they in turn need to support in building communities as responsible corporate citizen. There are multiple ways in which the corporations can be socially responsible. A large company may spend portion of its profit for enhancing life of people in its vicinity. It may cater to their ecological needs or provide solar lighting to the streets so that the employees can get back to their homes after their late-night shifts safely. The small firms also contribute to social responsibility in their own way. They would at least be considerate to the society by recycling their own waste and other similar ways.

One of the key contributions of Kant's ethics is its presentation of social responsibility[3] evolving from the moral law towards oneself and others. In his duties towards others, Kant designs the social responsibility of every person as a progress towards a moral world. It is in the act of each one fulfilling one's duties in a spirit of reverence for the law we can sufficiently bring to fruition the social responsibility.

[2] Sharan, *International Business*, 237.
[3] Sharan makes a distinction between Ethics and Social Responsibility. According to him, "Ethics are standards for right conduct or morality" while "Social Responsibility is the ethical behaviour of an organization towards different sections of the society." Sharan, *International Business*, 237. This distinction does not show these terms as different from each other rather integral to each other. Ethics includes responsibility and responsibility presupposes ethics.

Kant's *universal maxim* theory is essentially meant to promote the social wellbeing of all. His duty of kindness and benevolence is a typical case where Kant emphasises the duty as not being content with one's success rather to go out of one's way and reach out to others (GW 4:423). Kant informs that the social responsibility is a call to seek the happiness of others as well. Kantian concept of social responsibility argues that it is a duty to promote the general happiness of all. The mere promotion of general happiness alone does not make a man moral, rather the maxim of one's action should be viable to be universalized leading to the harmony of purposes of the entire human society. The moral person is not to be moved by emotions and inclinations, though they may be genuine. Kant writes:

> To be beneficent where one can is a duty, but besides there are many souls so sympathetically attuned that, without any other motive of vanity or self-interest they find an inner satisfaction in spreading joy around them and can take delight in the satisfaction of others so far as it is their own work. But I assert that in such a case an action of this kind, however it may confirm with duty and however amiable it may be, has nevertheless no true moral worth (GW 4:398).

The Kantian argument is that however noble an action may be it should be done out of duty and purely for the sake of duty. This Kantian hypothesis is the corner stone of any viable business policy which is objective and humanitarian. A genuine business unit holds the credibility of the society and such credibility is guaranteed by this Kantian moral theory. A mere following of the professional and ethical code does not ensure that the business functions in a socially responsible mode. Kantian ethics calls for a genuine understanding of the different ethical facets of business which in its practical sphere is dominated by passions, temptations and emotions. This grasp of the daily course of business activities will facilitate an individual to apply the rational principle and work out a plan of action for a rational integration of passions and emotions.

This means a relentless application of reason alone enhances the society in its strive for dutiful action. This application of reason in its practical sphere would inspire the human beings to act purely from duty and would remain as the underlying principle of all business policies. Therefore, when a business firm decides against overpricing a product, it is not to feel happy or to satisfy others, rather it is the firm's duty to do so. They cannot claim any merit for such an action, but bow in reverence to the sublime principle of duty. In Kant's view therefore, *duty* alone guarantees and upholds business policies which would assure true and fair trade.

The socially responsible act either directly or indirectly contributes to business objective. It is not unfair to expect some benefit from such acts for the corporation as they involve the finance of the company. It is not against Kantian ethics to expect benefits for the company from an act which is performed in a spirit of corporate social responsibility. Business cannot be sacrificed for other ends even if they target social wellbeing. The business has a duty to itself as much a duty to the society. It is acceptable to pursue social responsibilities and yet expect certain benefits from it for the business. A dutiful behavior in business demands a responsible use of business resources and using them purely for non-business purposes may not be in a true spirit of duty.

From a business point of view, it may not be considered an offence, for instance when a business unit which spends a huge amount of money for building a bridge in a city for a smooth traffic congestion may permanently install advertisements of the business or use its brand of products for the construction, which may indirectly cut the expenses on publicity and increase demand for their products. Businesses channelizing their funds for unauthorized and purely non-business acts could be treated as stealing. The assets which belong to the owners of business cannot be given away for other purposes without a due process. The businesses have a perfect duty to have safety of their assets. Though for Kant being beneficent to the other is a duty (GW 4:398), "to preserve one's life is (also) a duty" (GW 4:397). It is for this reason that from a Kantian position, it is not wrong for businesses to seek self-benefits even in the performance of corporate social responsibilities.

It is beyond doubt that every business runs in view of attaining certain gains and primarily considering profit as one of its key factors. Profit is therefore the *end*[4] of every business for the

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[4] Dean presents us with a distinct view of Kantian concept of *end*. He states that, "the end in itself or objective end is not some object or state of affairs that is to be brought into existence. An end is always some sort of reason for acting, but in the case of the end in itself the action is not to bring the end into existence. An end in itself provides a reason for other types of action. Specifically, one ought never to subjugate an end in itself to one's subjective, inclination-based ends, meaning one ought never to destroy or compromise an end in itself in order to satisfy one's desires or passions." Dean, *The Value of Humanity In Kant's Moral Theory*, 114-115. The concept of *end* gets a predominant position right through the *Groundwork*. For instance, Kant takes it for discussion in GW 4:429, 430, 437, 439 etc…

survival of every business depends on it. From a deontological viewpoint, it could be argued that profit is a worthy *end* because it is easily reconcilable with the human person who is also an *end*. Though this interpretation of Kant's *theory of ends* may be disputed by some, however, the above claim is interesting from the fact that it is various intermediary ends which lead to an ultimate end. And the human person who is the ultimate end will attend to several other *ends* in his life and profit is one of such worthy *ends* which enhance the idea of human person as *end*.

This position may not be acceptable to everyone as some would still argue that in a business firm's striving for profit, the persons involved in business are made victims. Though it could be argued that in ones pursuit for profit the stakeholders would easily be treated as means, what needs to be noted is, whether we are right to call the laborers within the production process and the consumers in consumption process as being used as means. I would instead assert that as long as there is no exploitation of the humanity in those involved in these processes the individual's worth is not at stake. A person may be treated as means only when his humanity is compromised for profit. In normal situations a laborer works for certain hours, which varies depending on the specific norms, where he willingly alternates his service for profit. How would you call this as disrespecting one's humanity? With no exploitation and discrimination in terms of caste, creed and color or in any other form at work places, the human beings retain their status as ends though their work brings profit to the business. The entire profit may not reach the workers who toil hard, yet they cannot be considered ill-treated as businesses have to think in view of contingencies. With no manipulation of workers and no foul play in trade and business, there is no threat to one's dignified existence. Hence for Kant, profit is perfectly reconcilable with one's status as *end*.

For Kant, his theory of ethics includes social responsibility and holds it in high esteem which should be carried out in a spirit of duty. In his lecture notes we read, "Ethics deals with all obligations, whether they be of charity, generosity and goodness, or of indebtedness, and considers them all together, only insofar as the motivating ground is internal" (LE 27:271). Thus every business should treat social responsibility as its priority and it is an obligation. The managers of businesses have to promote it and for that they need to cultivate it as a personal character in their lives.

Svensson and Wood write, "Socially responsible managers are needed to force us to confront new areas of thought, to challenge, to inspire, to mentor, to lead. Some companies are fortunate because these people exist in their midst. Those companies that do not possess, recruit or foster managers with well-developed ideals for social responsibility leave themselves open to potential dilemmas orchestrated on their behalf by a staff whose perspectives may be far from socially responsible. Errant actions may not come to light immediately, but when they do the downside to the corporation can be its own annihilation."[5] It is only in such context that we can think of businesses responding to the call of duty to be socially responsible. It is a responsible manager who takes the organization towards its maturity as a social unit. And Kant's ethics calls for a collaborate network of every one in business to strive for an ideal-state of world that struggles for perfection.

6.2 Kantian Code of Ethics for Business and Trade

The solidity of the Kantian code of ethics lies in its inflexible[6] nature. Rigidity and stiffness are often considered by many as drawbacks in any system, but its reverse is true in Kant's ethics. Though criticised for being rigid, the strength of Kantian morality lies in its ability to be firm, offering no loopholes for lawbreakers to get away scot-free. For instance, the traffic rule states that *do stop when red falls*. The illumination of the red light prohibits any traffic from proceeding. The beauty of the traffic rule is that, it is precise with no room for twist and turn. Let us consider what if the traffic law were to state: when *red* falls you need to stop, however, if there is no vehicle speeding from the other direction, you may proceed in spite of the red signal. In such a case, it offers flexibility but the impact of such flexibility would be catastrophic. Such laws would encourage people to jump signal which would make the law itself meaningless in the long run.

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[5] Svensson and Wood, "A Model of Business Ethics," *Journal of Business Ethics,* 311.

[6] *Inflexibility*, as a term may have different synonyms which immediately brings certain amount of negativity in most minds. Rigid, stiff, obstinate, unyielding, unalterable and fixed are the terms we often associate with anything of inflexible nature. This phrase over the years has suffered from misuse as it is always treated with a bit of suspicion. From a Kantian perspective, it is a duty-conscious term which calls for mutual care of individuals in the society. When I use the term *inflexibility*, I do not mean that it is inhuman rather it stands for discipline and order upholding the dignity of human person in the society. Kant's code of ethics is inflexible that it permits no exceptions for nourishing one's own egoistic aims and offers no provision for discrimination.

Thus *inflexibility* is the strength of Kantian ethics which is determined by the will unrestrained by inconsistent inclinations. In the Second *Critique* we read: "The moral disposition is necessarily connected with consciousness of the determination of the will *directly by the law*" (CPrR 5:116). Again he states; "freedom, and the consciousness of freedom as an ability to follow the moral law with an unyielding disposition, is independence from the inclinations, at least as motives determining our desire…" (CPrR 5:117). Kant is categorical on the inflexible character of ethics when he states, "… and when morality is in question, reason must not play the part of mere guardian to inclination but, disregarding it altogether, must attend solely to its own interest as pure practical reason" (CPrR 5:118). This is the distinct description of Kantian inflexibility of the moral law where reason alone is its custodian.

The Kantian code of ethics is guided by pure practical reason and since reason is consistent and permits no exceptions to favor the law maker or its adherent, the moral law is also consistent and inflexible. This nature of the law is very significant for trade as trade norms cannot be flexed to favor a particular nation or company. Today we witness intense *trade wars in* business where mutual competition is the order of the day. Thompson defines these *trade wars* as follows: "Trade war describes the series of tit for tat actions by two or more nations to adjust tariffs, quotas, subsidies, and any number of other economic levers available to governments in the attempt to secure advantages in international trade. That such actions are possible presupposes functioning bilateral or multilateral institutions and procedures for international exchange, as well as some admittedly controversial concepts of fairness for such transactions."[7]

These situations demand that there is a need for a code of fairness for these trade transactions which can be uniformly applicable to every nation and government. Therefore the Kantian ethics with its inflexible nature offers a genuine internal moral law based on which the trade practices could be worked out. It does not push the weaker nations in a disadvantageous position when it comes to bargain at international trade. The bilateral trade agreements can be signed on humanitarian grounds if the Kantian code of ethics serves as the medium.

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[7] Paul B. Thompson, *The Ethics of Aid and Trade* (New York: Cambridge University Press, 1992), 29-30.

It is here that we experience the indiscriminate nature of Kantian ethics that culminates in the inflexible principle of duty. *Trade wars* do not rise when there is no discrimination of sorts. Kantian code of ethics fosters better worker enhancement and they would be neither forced to work nor discriminated. The employees may be even permitted to organize themselves into unions which may be a form of moral community to assert their claims. Companies like Wal-Mart have intensely resisted the efforts of workers to collectively organize themselves.[8] The Kantian code upholds the liberty of the workers who wish to form associations to sustain their humanity without being used as means by the exploitive firms. Therefore it is morally illegitimate to forbid the employees from collective organizing. They need fair treatment based on their performance and they have a right to claim it either individually or collectively.

For Kant, any moral code even if it is only an assertoric hypothetical imperative which is a counsel of skill and the process of attaining our end though not perfect moral end, needs reason as its base (GW4:415). Thus reason plays an important role in every decision making though at times conditioned by immature human approach. The manager's deliberation may at times impede the rationality of the ethical code proposed by the workers or other stakeholders. If the manager and the administrative body of a firm do not value sound reasoning in their deliberation it would be tough to identify and carry out a moral action. The firm while working on a code has to assure that it is rationally founded and worthily be recognized as an imperative of moral perfection. Though assertoric practical codes are not absolutely faulty, but they cannot command with full authority of reason. The Decision making body of the firms have to steadily move from the initial counsels of skill towards the absolute commanding power of reason. Such a code would offer impetus for everyone to strive for the performance of moral action.

Though this ethical code depends on maxims for its validity, Kant argues that it does not depend on the degree of ones faithfulness to the maxim rather it depends on the specific quality of the maxim one choses to adopt (MM 6:404). In *Religion within the Bare Bounds of Reason*, he once again reiterates this view in the form of a question: "But if the human being is corrupted at the

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[8] Denis G. Arnold, "The Human Rights Obligations of Multinational Corporations," in *Normative Theory and Business Ethics*, (Maryland: Rowman & Littlefield publishers, Inc., 2009), 68.

basis of his maxims, how is it possible for him to achieve this revolution through his own powers and to become on his own a good human being?" (RN 6:48). It would mean that a virtuous manager may work strenuously for a genuine ethical code to be in place in his workplace but if he concentrates merely on the grade of commitment to a maxim, then it may not bring forth desired result. It is important to act on quality-maxims for quality moral code. Focusing on faithfulness to any maxim may give us an experience of assertoric imperative as the grade of knowledge is limited while a maxim of sublime quality would lead to categorical imperative which is the ideal of pure reason in its practical sphere. Therefore an ethical code is feasible for business only when it flows from a quality-maxim.

For instance, transmission of technology is fundamental to the escalation of productivity in the world. But a nation or a firm is absolutely free to share its technology with other nations or firms. They can set an ethical code that benefit them and a nation might prefer to export its produce than share technology. A firm is legally permitted to export its produce rather than technology and a maxim evolving from it is permissible but its worth is limited as it has not transcended the hypothetical nature of the maxim. A maxim which rises above its hypothetical nature would look forward to cater to the needs of the entire society in a non-consequential manner leading to categorical imperative. Thus a true Kantian code of ethics would command every firm to share technology for common good of the world rising above firm's business itineraries.

The categorical imperative with its guidelines for action would form the basis for the ethics of any business organisation. The third formulation of the categorical imperative which brings everyone under the banner of the *Kingdom of ends* gives the glimpse of the organizational design of the business firm. Just as the moral law invites one to act on a maxim, which can function as a universal law for the entire humanity, the firm should take into account the interests of all the stakeholders in their decision. The business organization should seek the opinion of all those who are going to be affected by the decision, in the process of decision making, that they would not be merely the subjects of the law but also its legislators as the Kantian imperative envisions. Thus, Kantian imperative calls for a consultation of cordiality of all concerned before implementing the policies for the business organisation.

In short, for whatever reason, the business organisation should not bypass the various formulations of the categorical imperative, particularly the second formulation which is the categorical imperative in action. As the categorical imperative embraces everyone into its *kingdom of ends* through the process of universalization, the business unit has a *duty* to take everyone into account such as producers, shareholders, sales men and consumers. Shaw and Barry write:

> Respect for the inherent worth and dignity of human beings is much needed today in business, where encroaching technology and computerization tend to dehumanize people under the guise of efficiency. Kant's theory puts the emphasis of organisational decision making where it belongs: on individuals. Organisations, after all, involve human beings working in concert to provide goods and services for other human beings. The primacy Kant gives in individual reflects this essential function of business.[9]

For Kant, the business organisation is a moral community, where there is no disparity of any kind among all involved. Acting on a universal maxim is the core principle of the moral community. The application of this categorical imperative fosters fraternity, unanimity and cordiality among all members of the business organisation. As business units have collective goals and mutual ends, the categorical imperative can serve as the binding force of all its members. Finally, in the association of the members of the organization, it would encourage everyone to be grateful, beneficent, benevolent and respectful, purely from an act of duty and not from sympathy or similar emotions. This ethical code in business would minimise confrontation and risk and increase profits, because the strict keeping up of the moral law provides the protocol and decorum needed for everyone involved in business, facilitating trustworthy business.

However, the Kantian moral code is often criticized for merely providing a theoretical structure of morality rather than offering specifications to act in a given situation. The Kantian ethics keenly presents a universally applicable procedure and is insensitive to specific times of need. There may be conflicting duties where the human mind would lack clarity to discern. Kant disregards feelings of sympathy and warmth making people cold and legalistic and therefore provides a

[9]Shaw and Barry, *Moral Issues in Business*, 69.

counterbalance to dignity and freedom which the Kantian morality overwhelmingly subscribes to.[10]

This is a common criticism that is leveled against Kant's ethical code which we have already addressed to some extent. Though the reasoning here is fair, the argument does not appear too sound. Reductionism does not allow us to understand facts in a comprehensive manner. It is in a broad framework of liberal structure that we adequately grasp the truth in fullness. It would have been possible for Kant to reduce the moral law to certain specific set of dos and don'ts but that would not have offered the human reason the freedom to choose and act responsibly.

Again, in business, the issues are complicated and every generation witnesses new and demanding issues which Kant's generation did not have to address. By having offered specific modes of behavior, Kant would have been conditioned to his times and issues and his ethical system in turn would have suffered the same fate of other theories of specific nature with limited scope. Therefore, it appears to be a prudent move to offer a broad framework and address the issues with a lot of freedom and yet within the parameters set by his principle of duty. This is where the Kantian system of ethics brings forth a humanitarian appeal in a collaborative way where the normative ethical principle gets a personal touch as it evolves from one's maxim.

6.3 Purity of Motive of Business Corporations for a Humanitarian World: Good Will

Business belongs to the public sphere and therefore should abide by the etiquette required for such affairs. It is not acceptance of the norms of business or contract and money that shapes business, rather mutual trust and fairness. Regarding the fairness in business Shaw and Barry write that, "the notion of fairness in exchanges is more central to business than to any other practice – whether in terms of work and salary, price and product, or public services and subsidies. Without fairness as the central expectation, there are few people who would enter into the market at all. Without the recognition of fair play, the phrase free enterprise would be something of a joke."[11]

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[10] Harrison, *An introduction to business and management ethics*, 103.
[11] Shaw and Barry, *Moral Issues in Business*, 41.

The fairness in business is important, as it involves various individuals who are associated with it at different stages, as proprietors, shareholders, managers, sales executives and customers. Being fair to all these people is not a matter of civic sense or protocol rather they are the prerequisites which make business genuine. Quality control, safety of the products, trademark monopoly and up-keeping of business contract are inevitable for the smooth functioning of business. The business men can create an artificial scarcity of goods by holding excessive stock which would increase the price of commodities and it would invariably increase the profit. This and other similar acts are clearly against the purity of motive in business. This calls for a solid ethical foundation which evolves from the interior self of an individual to curb these fraudulent practices. And in this search for a viable process the Kantian ethics edges out most other theories.

Kant with his concept of *Good will* brings an exciting ethical principle into action. In the *Groundwork*, Kant asserts; "It is impossible to think of anything at all in the world, or indeed even beyond it, that could be considered good without limitation except a *good will*... unless a good will is present which corrects the influence of these on the mind and, in so doing, also corrects the whole principle of action and brings it into conformity with universal ends" (GW 4:393). Again in the same work, Kant proceeds to assert that good will is good not for what it accomplishes or that it is capable of attaining a specific end rather even if it lacks the capacity to perform an action for whatever reasons, "like a jewel, it would still shine by itself, as something that has its full worth in itself" (GW 4:394).

Thus for Kant, good will is a moral vocation which everyone in his lifespan is called to realize and live irrespective of what one's life choices are. It also applies if one opts to build a career as a business executive or a manager. It also has a deep meaning to a trader whether retailer or wholesaler or anyone associated with it. He articulates in a soothing manner: "Repeated arousing of this feeling of the sublimity of one's moral vocation is to be extolled preeminently; for it acts in direct opposition to the innate propensity to pervert the incentives in the maxims of our power of choice, in order to restore, in the unconditional respect for the law as the highest condition of all maxims to be adopted, the original moral order among the incentives, and thereby to restore, in its purity, the predisposition in the human heart to the good" (RN 6:50).

Thus goodwill being the most fundamental to Kant's moral theory, a corporation must necessarily consider it as an obligation to heed and respond. It must encourage its workers for engaging in actions in response to this vocation and develop a respect for themselves as persons who act out of their good will and articulate and formulate their conceptions of good in accordance to it. Goodwill is thus essential in public domain and the corporations need to act out of it as they deal with human beings possessing *goodwill*. It also is a way of corporation respecting the humanity of the rational agents whose support is essential for them.

However, history is a witness to multiplicity of cases where the goodwill principle has been subdued by unethical forces of the corporations thereby ignoring the goodwill present in those associated with it. The corporate world was taken by surprise when BBC news in 2003 reported the cases involving Enron and WorldCom. In the Enron case the IRS (Internal Revenue Service) was kept in dark about what was happening and the transactions were too complicated to be understood easily. Enron had countless successful efforts to manipulate its taxes and accounting. The WorldCom scandal on the other hand involved 11billion dollars and the jury found the WorldCom co-founder guilty of seven counts of making false claims besides a count of security fraud.[12]

The CEOs as highest ranking managers of the organization often present a rosy image about the corporations but often its reverse is true. They even drive us to think that it is naive to trust any of their business claims. The above referred cases are the clear examples where the goodwill has been subdued by the forces of evil. These corporations may have adopted these unethical methods for certain reasons or forced into these actions by certain unforeseen circumstances but they have done it at the expense of the presence of goodwill in them. They have lost the trust of a large number of people who look up to them for responsible behaviour. The purity of motive principle which flows from the rational agent's goodwill has been conveniently bypassed by these above mentioned companies.

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[12]Becky Gendron, "Ethics and Corporate Scandals: How Much Do You Really Know? ," Accessed from http://voices.yahoo.com/ethics-corporate-scandals-much-really-645431.html?cat=17 on 20th Dec. 2012.

These managers and others who are responsible for business may possess numerous desirable qualities which are essential for a human person which are also qualities associated with goodwill. Even if one is gifted with all natural qualities such as kindness, moderation, courage etc…, which are significant to achieve noble goals but if they do not possess goodwill, one cannot be considered morally worthy person. Johnson writes; "Since those are the very qualities of character and temperament that allow one to achieve these noble goals, it is even conceivable that someone might have all of these desirable qualities *and* achieve all of the noble goals a good will *would* have, yet *still lack a good will* and hence *still fail to be a morally good person*."[13] And goodwill works through the channel of duty since duty is the sole motivating factor. Goodwill is inherently present in duty and only in a spirit of duty that goodwill is manifested. Kant writes, "we shall set before ourselves the concept of duty, which contains that of a good will though under certain subjective limitations and hindrances" (GW 4:397).

The goodwill in us may not always choose *good* and duty can be the motivating principle of moral action. The stakeholders of business may have good intentions and wonderful human qualities and a *goodwill* to perform in a spirit of humanness but if they don't perform the actions in reverence to duty, inclinations would dominate the good desires. A manger is called to act in goodwill but the motivating factor is duty and not feelings of sympathy. Sympathetic sentiments may induce a top business manager whether a CEO or a division president to define strategies and set organizational goals which are ethically acceptable. But they are not as meritorious as when done out of duty because it is primarily a manager's duty to perform in his capacity as manager. And sympathies and sentiments tamper with the spirit of duty.

Kant writes: "…suppose that now, when no longer incited to it by any inclination, he nevertheless tears himself out of this deadly insensibility and does the action without any inclination, simply from duty; then the action first has its genuine moral worth" (GW 4:398). For the business firm's motives to be pure, the goodwill should operate from duty. Sympathetic concern leading to goodwill is not to be accepted as a path for dutiful behaviour. Only in acting from duty, a firm becomes anthropocentric guiding humanity towards its moral perfection.

[13] Johnson, "Good Will and the Moral Worth of Acting from Duty," *The Blackwell Guide To Kant's Ethics*, 21.

The Kantian goodwill principle is a sound ethical principle and at times said to be difficult to apply to business context. The Kantian theories give the impression that they are merely intellectual exercises. The moral maxim may be seen as having been derived from the process of rational faculties. It is not that Kant was unaware of such views for he always associated certain amount of uncertainty with his theories. A theory however vague may be can still be more than handy in crucial decision making situations. The Kant's theory of goodwill inviting to act from duty is perhaps vague but still the best for discipline and order in trade practices. Bowie summarises the relevance of Kant's concept of goodwill to the administration of any business or firm and I quote him here:

> Kant argued that the highest good was the good will. To act from a good will is to act from duty. Thus, it is the intention behind an action rather than its consequences that make that action good. For example, for Kant if a merchant is honest so as to earn a good reputation, these acts of being honest are not genuinely moral. The merchant is only truly moral if he or she is honest because being honest is right (one's duty). Persons of good will do their duty because it is their duty and for no other reason. It is this emphasis on duty, and the lack of concern with consequences that makes Kant the quintessential deontologist.[14]

By asserting that the good will alone is good, Kant forms a solid pedestal to the purity motive of business. In Kant's view one would act with an untainted motive when he acts from good will which is a duty. *Good will* is the absolute good and therefore it does not offer an option for those who would like to search ways of evading from doing one's duty. Finally, business can be truly legitimate, genuine and ethical, only if it promises purity in its motivation and in this regard, we look up to the Kantian principle of *good will* to instil it in everyone involved in business.

6.4 Social Responsibility and Kantian Path to profit

Corporations cannot incur loss and should aim at profit for its survival and fulfill its accountability to the investors. But the corporate citizens are not merely accountable to shareholders but also to

[14] Bowie, *Business Ethics: A Kantian Perspective*, 3-4.

a variety of stakeholders from the employees to the ultimate consumers and their responsibility extend to the entire society at large. Therefore the business has to adopt a delicate approach for its sustained existence in this time of competitive businesses and competing firms. The corporations should have a social conscience and exhibit it by providing employment, fair wages, eliminating discrimination and through consumer-friendly programs.

The corporations have a responsibility to the nation to refrain from increasing the cost of goods when there is inflation though price increase would be of interest to the corporation. Though from an investors point, it is profit that runs business, the other stakeholders have their rights too. Every stakeholder's right is the collective purpose of business and every one of these agents' needs are legitimate and they ought to be addressed. It is here comes about the need to stretch social responsibility beyond the corporate citizens.

It is often argued that contributing to social responsibility is stealing from investor's kitty and it seems right to state that the assets of business are of the investors. And therefore don't the managers have a duty to manage responsibly keeping abreast with the interest of the investors? I don't think that the argument is too faulty rather a bit too narrow. The investors are not the only people who count in a business. Corporations can exist for purposes beyond simply maximizing profits. And this is the point we intend to address as we proceed from a Kantian deontological ethical approach.

Kant's ethics convincingly argues that maximization of social responsibility is the only legitimate path to profit and it does not imply that one would automatically lead to the other or one follows the other. Kant may not have stated it using terms apt for business management and administration in an explicit manner but the issues he touched upon in his long philosophical career amply divulge it. This comes as a surprise to a world-order where social responsibility and profit are viewed as opposing poles with the possibility of only one of them to endure. This position of Kant should be seen in a view of extension of his deontological trait. Kant does not argue that profit is foreseen or viewed as the effect of social responsibility and the worth of the action depends on its consequences, in which case, it is a consequential approach.

Kant's ethics perceives profit as natural outcome from actions performed out of duty. When a corporation functions on principle of duty in respect for humanity everyone's needs are taken care. When everyone acts on the moral maxim which categorically commands there is no exploitation rather everyone is mutually cared for. Thus there is no dependency of profit on common welfare or common good invariably leads to profit rather when customers and corporate citizens act on the moral maxim which may become a universal norm for everyone then there is both common good and profit resulting from the dutiful behavior of all.

Kant out rightly denounces corporate philanthropy where a corporation involves in societal acts by way of charity in order to enhance business fortunes. Here the welfare of the society is a mere consequence of the manipulative tactics of a business firm. Again the corporate philanthropy has only a discounted value as it is used as medium for profit or business expansion. Businesses at times contribute for peace in the nation or volunteer to negotiate with other firms for cheaper supply of goods for a nation which may not be done with best interest for the nation. For Example, a company producing a popular brand of cars may negotiate with a foreign fuel agency on behalf of a nation for its own investment and business success. Huge charitable funds are often given by established business firms to reap benefits for the business. This brings to our frame a discussion on one of business' most popular concepts i:e CSR.

CSR is an important aspect of every business concern as much as profit is and from a Kantian perspective it is immoral to use CSR for the attainment of corporate objectives. And for Kant what counts is whether our actions correspond with the universal moral law which is morally binding and it should be predicated on reason. The *Second Critique* acknowledges it in the following words: "A practical rule is always a product of reason because it prescribes action as a means to an effect, which is its purpose" (CPrR 5:20). Therefore CSR should be carried out of practical reason for the sake of duty and not for profit though it is possible that CSR transmits a healthy opinion to the public and they extend overwhelming support leading to profit. In such case profit is not intended and CSR is not used as means for profit. And profit is maximized as people act on principles of reason for the sake of duty as they acknowledge and reciprocate the service of these dutiful firms.

Though this Kantian view is not completely absorbed by MNCs and trade establishments, there is a growing awareness about it in certain companies. For instance, In July 2007, the *Global Compact Leaders' Summit* in Geneva which had the representation of over 1,000 business leaders, politicians and civil society representatives, deliberated for a renewed focus on corporate citizenship around the world.[15] However a serious breakthrough in tune with this is possible only if everyone considers it a duty and act on principles of reason rather than inclinations of personal gains.

Kant's CSR doctrine states: "For if none might appropriate more of this world's goods than his neighbor, there would be no rich folk, but also no poor. Thus even acts of kindness are acts of duty and indebtedness, arising from the rights of others" (LE 27:416). This is a simple theory pertaining to how CSR needs to work though Kant may not have said it in this sense. The simple reasoning of Kant is, don't get into an amassing-race with your neighbor rather live by the maxim whereby you keep your wealth at least equivalent to your neighbor. This brings in the idea of personal responsibility where everyone takes a personal affirmative stance on CSR. As corporations are run by persons, owning personal responsibilities can alter the way CSR functions and profit may not be viewed as outcome of CSR.

Charity begins at home goes an old adage and I would rephrase it as *CSR begins at workplace*. I mean to state that CSR may have several common agendas for the betterment of the world such as pro-life issues, environmental projects and enhancing growth rate. But, CSR should address the issues of people who matter immediately to the business i: e its stakeholders. Every employer should be treated in a healthy way and not as means to ends. Every business firm should begin its social responsibilities right at its work place. The factory workers are the means to produce profit for the employer but using them only to get what they want is disrespecting their human worth and it is against the moral law. Providing inhumane working conditions and minimum wages do not lead to profit as the employers would be discontented with the business. It is a duty to promote CSR at workplace. Speaking about the duty of love to other men Kant writes that, "it is therefore an indirect duty to cultivate the compassionate natural feelings in us" (MM 6:457).

[15] Oliver F.Williams, "The UN Global Compact: The Challenge and the Promise," in *Leadership and Business Ethics*, 231-32.

CSR is a duty of the corporation towards also its workforce as much a duty to the world. CSR is a duty we owe to those in distress. It is different from almsgiving[16] which Kant does not approve. Kant argues that alms giving invites for a constant help over a good stretch of time whereas aid in times of distress is a temporary support for a particular situation to rescue someone from this distressing plight (LE 27:455). It is in adequately attending to the needs of the workforce that a business thrives and makes profit. The traditional description of CSR is of a philanthropic nature where they make donations to charity and social wellbeing. The modern description of CSR gives a significant importance to the stakeholders and their wellbeing. Holme and Watts write that, "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."[17] This definition places the concerns of the employees at the helm of every business' priorities.

Social responsibility from a Kantian perspective is a duty and a company should not take pride in doing it or seek profit-maximization though these acts, done out of duty also can bring forth benefits to the business. Adhering to right ethical norms does bring about increase in returns making profit and ethics as part of the same equation. Corporations have to balance their business aspirations with ethics. At this juncture it is worth giving a thought to what Arora writes in *The Financial Express:*

> This is a complex journey especially during tremendous economic pressures. The drive for success in the marketplace and to maximise return of capital can lead a company astray with disastrous results. Successful businesses fail, profitably running businesses suffer from a downfall and some seemingly effective corporations have a great fall in their profits and popularity all due to

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[16] Kant describes almsgiving as follows: "Alms-giving is a form of kindliness associated with pride and costing no trouble, and a beneficence calling for no reflection. Men are demeaned by it. It would be better to think out some other way of assisting such poverty, so that men are not brought so low as to accept alms. Many moralists try to soften our hearts, and to commend kind acts done from tenderness; but true good actions come from sturdy souls, and to be virtuous a man must be staunch. Beneficence to others must rather be commended as a debt we owe, than as a piece of kindness and generosity" (LE 27:455-456).

[17] Quoted in Mallen Baker, *Corporate social responsibility - What does it mean?* Accessed from http://www.mallenbaker.net/csr/definition.php on 20th Jan 2013.

> the lack of business ethics. There are companies that have crossed ethical lines in the pursuit of profit, and momentarily gained fame and fortune but what was the end result? [18]

Thus ethics can coexist with the theory of profit maximization and when the organization and the individuals act for the sake of duty it results in mutual benefits though one is not the cause for the other. From a Kantian viewpoint, even actions performed from an ethical motive do not challenge the interests of corporations as they count in the long term interest of the firm. The underlying principle is that if a corporation respects its stakeholders in a spirit of duty profit is its automatic outcome as the stakeholders are also in a similar duty to act on a moral maxim. Bowie complements it when he says, “Profits will be enhanced if the manager focuses on respecting the humanity in the person of all the corporate stakeholders. Perhaps we should view profits as a consequence of good business practices rather than as the goal of business.”[19] This is a perfect summary of the argument that I have been trying to articulate from a Kantian model of ethics. And once again, I fall back on the article of Arora in *The Financial Times* to add a concluding remark for our discussion:

> Nowadays, money and ethics are seen to be diametrically opposed to each other but it turns out money and ethics do have much in common. Any corporation large or small ultimately lives by its reputation. Ethics must sit at the top of the mountain for any successful company that wants the trust of the consumers and investors. There are very few second acts once the public perceives the organization is flawed by dishonesty or inferior quality. As is very rightly said by Henry Ford: A business that makes nothing but money is a poor kind of business.[20]

Thus, social responsibility and profit can coexist in a business set-up without being anticipated. Corporations do not have to target profit from their socially beneficial acts. It is the principle of

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[18] Karan Arora, “There are very few second acts, once the public perceives the organization is flawed by dishonesty or inferior quality,” *The Financial Express @ campus*, Monday Oct.12, 2009.
[19] Bowie, *Business Ethics: A Kantian Perspective*, 13.
[20] Karan Arora, “There are very few second acts, once the public perceives the organization is flawed by dishonesty or inferior quality,” *The Financial Express @ campus*, Monday Oct.12, 2009.

duty that looks into it and duty is the legitimate Kantian path to profit. Corporation, stakeholders and the society at large have an obligation to act on duty with no inclinations in a Kantian spirit where the social accountabilities are accomplished and the investors get their return.

6.5 Moral Decisions vs Beneficial Decisions: Kantian Preference

Decisions of self-interest[21] are the backbone of many of the businesses today. The everyday functioning of business involves several types of decisions among which the financial decisions[22] are the most significant as finance is the prominent concern of business. The decision makers of the company make sure that their decisions protect the interests of the company. This leads to making beneficial decisions, but the question whether they are also moral decisions need further deliberation. This is a conflict[23] often witnessed in board meetings when the corporate citizens debate over moral and beneficial decisions. A case in discussion would be, some years ago, Nestle launched its bottled water project *Pure Life* in India and Pakistan. It entered into market in 1998 in Pakistan and three years later in India. It was considered to be safe and pure but completely unaffordable to the lower income group of these countries making water a luxury commodity.[24]

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[21] Kant makes a distinction between self-interested and disinterested feelings. He writes: "A self-interested feeling presupposes our own imperfections, which can be acquired (so are not God-given), and imply neediness. A disinterested feeling presupposes our own perfections: the grounds for it may lie in the acquisition of other perfections, and it presupposes perfection. The disinterested feeling is like a force of attraction, and the self-interested feeling like a force of repulsion. The two of them, *in conflictu*, constitute the world" (LE 27:3).

[22] It is worth a discussion here on the implications of financial *decisions* because every business makes crucial finance-related decisions. Most of the decisions of a manager have a bearing on the financial position of the respective company. These decisions are often taken with strict arithmetic and utmost loyalty to laws of company and state. But these decisions cannot be taken purely on the basis of arithmetic and ethics often makes an automatic entry into business affecting these decisions. Cadbury presents a situation which explains the way ethics affecting financial decisions. He writes that, "where there seem to be competing values, not cases where one course is clearly right, the other wrong. You may decide to do the wrong thing. That is entirely another matter, but in that case there need be no query in your own mind as to which course is right and which course is wrong. The difficulties come when in fact both courses seem right and we have to decide which of them is going to prevail. Another difficulty for decision-making arises from uncertainty as to what the rules mean. We may have some rules, but we don't actually know how to interpret them in the particular case which confronts us. Another problem may stem from conflicting orders. We are actually being asked to do two conflicting things at the same time and we have to choose between them". Adrian Cadbury, "Business dilemmas: Ethical decision-making in business," in *Case Histories in Business Ethics*,11.

[23] This conflict of making a choice between moral decisions and beneficial decisions is well articulated by Michaelson. He describes: "The defining terms of contemporary business ethics set up a conflict between two forms of value, economic and ethical. "Business ethics," "business and society," "social issues in management," "corporate financial performance vs. corporate social performance," "stakeholders vs. stockholders," "corporate responsibility," and "corporate citizenship," among other terms, each, fundamentally, pair an ethical interest with an economic modifier. Christopher Michaelson, "Values and Capitalism," in *Normative Theory and Business Ethics*, 195.

[24] Muhammad Hayat Malik and others, "Nestle Purelife Drinking Water," Accessed from http://www.scribd.com/doc/10552265/Nestle on 28th Jan 2013.

The decision to launch bottled water by Nestle is beyond doubt a beneficial decision both for Nestle and for the people as they both benefit out of it. It was benefiting Nestle more as it was reaping handsome profit out of it. Safe drinking water is a humanitarian need, and at this point a moral decision, which would not hurt the interests of both the parties, should have been worked out; instead, Nestle opted for a beneficial decision ahead of a moral one.

An important aspect of a moral decision is that the moral decision carries with it a moral accountability, while the beneficial decisions are concerned about benefits and would not have a social accountability. The beneficial decisions would only aim at the expansion of business and maximisation of profit by any means, while the moral decisions target the welfare and satisfaction of all. The moral decisions cannot be unfair as they are made after rational reflection in a responsible manner with the desire to enhance and create a better environment for all. The moral decisions bind corporations as much as they bind individuals.

Moral decisions by business units imply accepting the moral responsibility that goes with it. Moral responsibility includes both negative injunctions and also certain positive directives. The moral responsibility arising from the moral decisions includes the following: don’t pollute, don’t misrepresent products and don’t bribe while; the positive ones include: give preference to the socially backward people, save environment, work in rural areas etc. Therefore the moral decisions are to be given precedence over the beneficial ones. This moral responsibility could be carried out with better efficiency by corporations than by small business firms.[25]

Application of Kant’s ethics would impel us to opt for moral decisions over beneficial decisions. The universality of the categorical imperative means that the firm should act on a maxim which is morally acceptable to all. This would lead to enhancing the moral credibility of a firm. Mere beneficial decisions simply evolve from certain selfish emotions to safeguard the interests of business which is against the principle of duty. In Kantian understanding, even the acts of beneficence towards all rising from emotions are still unethical; only those arising out of duty are

[25]Shaw and Barry, *Moral Issues in Business*, 216.

genuine. Therefore, a decision evolving out of duty alone is acceptable for Kant, and such a decision alone is moral.

Thus in making a moral decision, the business firm is not going *an extra mile* to its workers or customers rather it is performing its duty. In the Second *Critique* Kant writes; "it is very beautiful to do good to human beings from love for them and from sympathetic benevolence or to be just from love of order; but this is not yet the genuine moral maxim of our conduct, the maxim befitting our position among rational beings as human beings" (CPrR 5:82). The First *Critique* spells out the theory of such an application in its practical sphere which states, "Morality by itself, constitutes a system" (CPR B 839 / A 811). Since morality is a system by itself, it does not offer any space for influence of any ulterior external motives. Thus, the Kantian ethics upholds the decisions which evolve from morality in a spirit of responsibility. From a Kantian perspective, the beneficial decisions cannot be taken, if they do not qualify to be universal and moral.

Every business is at some stage confounded by this question of beneficial or moral decisions. It could be even stated that every decision includes at least in some measure this scuffle. There is one important case which has appeared several times in different books on business ethics which makes sense to refer to yet another time. This is a case of conflicting ethical ideologies involving a GM of a company and other corporate citizens. The GM works for a US based banking company in Italy which is its first venture there and also the first appointment for the GM abroad. During its operations, when the GM is asked to file tax returns where the practice is to devalue the corporate profits at least by a third if not by two-thirds. He is told that the Italian Revenue System assumes that businesses undervalue their profits but his personal code of ethics does not permit him to do so and he files a return which reflects the actual gross profit. He makes an honest ethical decision but the company pays much higher tax on returns which eventually leads to his recall to US and is replaced by another.[26]

This is a typical situation where a beneficial decision comes into confrontation with its ethical counterpart. The GM is morally right but it was certainly not in tune with what the company wanted him to do. For Kant, the decisions of personal interest have no significance and one need to act

[26] Sue Martinelli-Fernandez, "Kant, Lies, and Business Ethics," *Teaching Ethics*, (Spring, 2002): 45.

purely from the moral law and the GM has upheld the Kantian approach to ethics. It is a challenge to everyone to act morally at all situations and internalize a moral culture. Kant calls for a moral education which is essential and he states that, “the moral education of the human being must start not from the improvement of mores but from the transformation of the way of thinking and the founding of a character, although it is customary to proceed differently and to fight against vices individually but to leave their universal root untouched” (RN 6:48).

Thus moral decisions can come from individuals and groups who have right thinking and upright character. We should not attempt to regulate our moral nature as such rather it is the process of correct thinking assisted by human reason that gives the moral principles of action. This is affirmed by the Second *Critique* which states, “… pure reason can contain within itself a practical ground, that is, one sufficient to determine the will, then there are practical laws; otherwise all practical principles will be mere maxims” (CPrR 5:19). Therefore pure reason in its practical sphere give rise to moral maxims and moral decisions in everyday life of business are made based on these maxims. And when one does not comply with these moral maxims he is tend to make beneficial decisions which arise out of self-interest and inclinations setting aside the moral principles of pure practical reason.

Therefore business decisions are crucial and businesses over the years have sustained or suffered on account of their decisions. There is always an imbalance of economic and ethical values often also conditioned by market imperfections. The business ethics debate today hangs on this single principle of balancing one’s values both ethical and beneficial. The pure reason in its practical sphere offers the balance calling us to make decisions for the sake of duty. When a corporation fails to strike a balance while making decisions they end up in unethical decisions.

At times when a corporation suffers from unethical decisions, it becomes difficult to rectify them or even to find culprits. For example, the Shell oil is accused of their unethical operations in the Nigerian Ogoniland oilfields. They could not act on the culprits who are responsible for the unethical decisions since the oilfield drilling of Nigeria included a long chain of corporate decisions.[27] This is another problem with the corporations when an unethical decision is sustained consistently for several years it would affect corporation in its entirety as no personal culpability could be attributed to individuals as there could be different individuals and decisions involved in the process. And so Arora concludes; "when ethics remain important in business, strong ethical values takes the business a long way. Ethics are important not only in business but also in all aspects of life because it is an essential part of the foundation on which civilised society is built. A business that lacks ethical principles is bound to fail sooner or later."[28]

Thus the moral decisions are integral to any business success and from a Kantian view acting from duty would imply favouring ethical decisions ahead of beneficial decisions for Kant says, "However, that someone should become a human being who is not merely legally but morally good" (RN 6:47). Morally good decisions make not just the business trustworthy but also reveal the integrity of the decision makers. And consistent moral decisions are possible only when people act for the sake of duty and being dutiful in the eyes of public will intensify the profit of the corporation.

6.6 Kantian Ethics as Obligatory

The spirit of Kantian morality is one of obligation as it binds all individuals offering no flexibility to go purely by one's preferences. The universal nature of the law tenders no room for a morality of personal preferences. In *Groundwork,* Kant calls for forfeiting of the subjective interests for the sake of the principle of universality. He writes, "Maxims must always be so adopted that they can also hold as objective, that is, hold universally as principles, and so serve for our own giving of universal laws" (GW 4:449). This is a clear Kantian argument for a morality of obligation which leaves no provision for exceptions. So acting on a morality of preference is clearly ruled out in Kantian scheme of morals.

[27] Patricia H. Werhane, "Corporate Moral Responsibility, and Systems Thinking: Is There a Difference and the Difference it Makes," in *Leadership and Business Ethics*, 273-274.
[28] Karan Arora, "There are very few second acts, once the public perceives the organisation is flawed by dishonesty or inferior quality," *The Financial Express @ campus*, Monday Oct.12, 2009.

But, this is not the base to argue that Kantian morality gives no space for human freedom, on the contrary, the Kantian morality is founded on freedom. In the Second *Critique* Kant writes, "Now, the concept of freedom, insofar as its reality is proved by an apodictic law of practical reason, constitutes the keystone of the whole structure of a system of pure reason, even of speculative reason" (CPrR 5:3). Again, in the Third *Critique* he affirms it in these words: "of the three pure rational ideas, God, freedom, and immortality, that of freedom is the only concept of the super sensible" (CJ § 91). Thus, Kant's philosophy has a special place for human freedom which is given as a postulate of practical reason.

Freedom implies choice and choosing from multiple options both good and evil. In his *Religion*, Kant spots three levels of the human being's inclination to do evil. Firstly, he refers to the weakness in the human nature to faithfully maintain the adopted maxim; secondly, the propensity to mix the moral motives with the immoral ones and finally, the tendency to adopt evil maxims (RN 6:24). Therefore, Kant is cautious in devising a definition of freedom and presents an ethical system of moral freedom. Therefore, I would sum up my view of Kant's ethics as one of obligation and not of preference in this manner: *to let people to prefer implies to prefer the ethically preferable, based on a universal maxim*. It is in this sense that his ethics becomes an ethics of obligation and not of preference.

This obligatory nature of Kantian ethics has great relevance to the corporations which calls for a serious consideration of morality by every business unit in their scheme of priorities. There are times when we have a dutiful obligation to perform an action even if there is no enforceable contract. When there are war victims, the food products company has a moral duty to act on a maxim of universal law and supply food for the victims. It should be done as if they themselves were in such a situation, and from the conviction that any one in such a situation, would act in the same manner. There may be times when a business unit might think, due to their obligation to the shareholders or for other reasons that they need to terminate a contract midway through the term, because it is unprofitable. But Kantian morality would argue that the option to keep the promise is not to be made on a cost-benefit analysis, rather purely in respect for the moral obligation of the terms of the contract. This is the obligatory nature of Kantian morality which rises above the choices of preference.

6.7 Authentic Happiness of Humanity: Ultimate Vision of Kantian Morality

Though often criticized that Kantian ethics does not value happiness and branded by some critics as legalistic, a genuine introspection into Kantian theories would reveal that an authentic happiness of the entire world was the culminating point of his anthropocentric ethics. Kant did reject a kind of happiness that the epicurean philosophy advocates. Referring to Epicurus he said, "So on Epicurus' theory, happiness was the sole end, and worthiness merely a means, and thus morality would be a consequence of happiness" (LE 27:249). Self-centered and egoistic idea of happiness as this which disregards morality does not get the approval of any sensible moralist and not merely Kant. It is because often morality is treated as consequence of happiness that Kant admonishes it in his lectures: "our inclination to our happiness is often fanciful, and morality should not be sacrificed on that account" (LE 27:62).

Therefore a true understanding of Kantian morality is that it incorporates authentic happiness in its system of mores. His happiness-project is too broad which comprises a happiness of all human agents. He states it in the most unambiguous manner that, "the most perfect world involves the happiness of rational creatures and the worthiness of these creatures for such happiness" (LE 27: 247). This amply divulges the ethical project that his philosophy was trying to establish. His lectures reflect this vision as the most earnest effort for a humanitarian world. He held that the, "final destiny of the human race is moral perfection, so far as it is accomplished through human freedom, whereby man, in that case, is capable of the *greatest happiness*"(LE 27:470, emphasis added).

Thus Kant's vision of happiness evolves from the rational agent's responsible moral commitment for the ultimate happiness of the entire world. This Kantian theme is immensely relevant from the fact of discrimination in the world which does not promote over all happiness. According to the World Bank report, in the last 20 years there has been a rise of poverty in Africa to 100 million people who have an income of less than a dollar a day. 300 million which is about half of Africa's population live well below poverty line without basic necessities such as food, drinking water, medical care and sanitation.[29] This situation is not too different in Asia and in certain other part of the world. With this stranded situation of our world do we still persist with such egoistic theories which have not liberated us? Don't we have a responsibility to see the world transcending its egoistic happiness to achieve a communion of happiness in a responsible dutiful behavior towards each other?

Trade and business being dominant human activities that we are involved, our vision as authentic happiness for the world would be established only through fairness in these activities. Every human activity, whether individual or common, needs to orient towards perfecting humanity as a whole. Kant was convinced that given the fragile nature of human beings (referred here is his extensive discussion on *Radical Evil* in his work on *Religion*), egoistic and tendencies seeking individual happiness would govern all human activities. It is the actions done from duty alone can adeptly guide the world towards its perfection.

Kant was aware that businesses are not free from inclinations and actions that do not promote common good. In one of his examples, Kant presents a situation where a merchant does not overcharge an inexperienced customer so that even a child can buy at a rate that he sets it for experienced and regular customers. But it does not tell us that the merchant acted from duty rather he may have acted for reasons of business prudence and for a good deal of trade. "People are thus served honestly; but this is not nearly enough for us to believe that the merchant acted in this way from duty and basic principles of honesty; his advantage required it" (GW 4:397).

Kant calls a trader to act from duty; else his actions fail to contribute to the overall perfection of humanity even though they are honest. For some, Kant may seem to be a scrupulous moralist but he should be viewed as someone who experienced revolutionary phase of human history and a product of enlightenment. As a philosopher of the enlightenment[30] (*die Aufklärung*) he envisaged

[29] Oliver F.Williams: "The UN Global Compact: The Challenge and the Promise," in *Leadership and Business Ethics*, 231.

[30] Kant defines enlightenment as, "Enlightenment is the human being's emergence from his self-incurred minority. Minority is inability to make use of one's own understanding without direction from another. This minority is self-incurred when its cause lies not in lack of understanding but in lack of resolution and courage to use it without direction from another. *Sapere aude*! Have courage to make use of your *own* understanding! is thus the motto of enlightenment (EN 8:35).

reformation of society and advancement of knowledge. Among the diverse philosophical standpoints, he found a dutiful behavior alone can salvage pride for humanity in this time of dramatic revolutions in science, politics and society in the western world.

Thomas Hill, a prominent Kant Scholar from the United States in an interview with Hinman recaps the fervent yearning of Kant for a world where the moral rational agents exist in a respectful communion under the banner of the moral law. He asserts:

> Kant rejects the view that values are off in a platonic heaven or that they are something to be discovered through natural science. And he rejects the view that morality is a matter of determining how people feel. Instead, the fundamental idea is that moral constraints are just those rules reasonable, free people would agree upon if they would each set aside prejudices and special interests. On this view, there's nothing terribly mysterious about morality; it's simply a matter of what reasonable, thinking people would agree upon as the conditions for living together in some mutually beneficial and harmonious way— and I should add a mutually respectful way. It's not just a matter of promoting happiness, but also of respecting each other.[31]

This is a perfect simplification of the Kantian ethics that instills confidence that his theory of moral living is not as abstract as it appears. Its core message is harmonious living respecting the humanity in everyone. Authentic happiness is the result of respectful co-existence and Kant's theory advocates it for the enhancement of the world. Today 400 milliion people lack the calories, protein, vitamin and minerals to keep their bodies and minds in a healthy condition. Millions suffer of deficiency and children are underfed and suffer from malnutrition. The world loses about 14 million children before they reach the age of five due to the combined effects of malnourishment and various infections.[32] This is not the record that a civilized society can boast about. With businesses having a free go at profit maximization, our harmonious and respectful co-existence of all people is at stake as never before in history.

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[31] Hinman, *Ethics: A Pluralistic Approach to Moral Theory*, 181.

[32] Peter Singer, *Practical Ethics* (Cambridge: Cambridge University Press, 1993), 218.

Globalization and its increased human connectivity have widened our access to a variety of commodities due to diverse marketing strategies by different business establishments. But, it also has widened the gulf between the rich and poor where the majority are deprived while the affluent possess surplus. This is not an ideal situation of the world and trade and business definitely have a serious responsibility in hand for promoting equality, justice and fraternity in the society. This is what the Kantian ethics invites us to do by asking everyone to act on a moral maxim and treat others in a way that we want others to treat us.

To be concrete, those who start petty businesses to fulfill their most basic human needs continue to amass wealth once the initial needs are met. The struggle for survival becomes a battle for accumulation with unlimited needs, extended plans and prospective business ventures. This is an unfair attitude towards a society which is still striving for perfection and the coldhearted approach of the human persons. Avowing the human person's self-actualization process, Kant defines its trajectory. He writes, "A human being, through gradual reformation of conduct and consolidation of his maxims, passes from a propensity to vice to its opposite. But not the slightest change of heart is necessary for this; only a change of mores" (RN 6:47).

Kant describes that the trajectory of human progress is a movement *from a propensity to vice to its opposite* but the corporations and the multinational companies and their citizens do no always heed to this call of Kant. This is a certain reason for discrimination in the society and suffering of innocent children and women and the poor in the world. The *consolidation of our maxims* does not always take place in purely ethical frameworks leading to a society that is struggling with human right violations and segregation on account of a range of issues. Even trade policies reflect this segregation as the powerful trading countries determine what should be traded where. As a result, hazardous products and substandard commodities are traded in third world countries. It is business at its worst and humanity suffers on account of this unethical practice.

The ultimate aim of a viable ethical system, whether in business of otherwise, is to promote authentic happiness of all in the world. Every individual should strive and contribute towards this ideal and it is in this moral endeavor lies ones commitment to authentic happiness. Kant writes, "All men are equal, and only he that is morally good has an inner worth superior to the rest" (LE 27:462).

Again Kant in his description of the stages in human life designates the responsibilities of each stage. He writes: "At sixteen he is now on the verge of manhood, and then education by discipline comes to an end. At this stage he learns increasingly to recognize his vocation, and hence must get to know the world. At this entry into manhood he must be apprised of his real duties, of the worth of humanity in his own person, and of respect for it in others. Here doctrine must shape his character" (LE 27:469). Kant thus specifies the need for moral education as early as sixteen when one begins to recognize his moral vocation and take a positive role to promote happiness in his future undertakings whether as entrepreneur, trader or what other walk of life pleases him.

6.8 Kantian Ethics: Operational Philosophy for Human Enhancement

As discussions in this research reveals Kant's ethics is an operational philosophy and not a mere academic theory. It runs through the entire stratum of human existence facilitating diverse human activities. Its impact on business and trade has been intensely discussed even several years after his death. His ethics emits tremendous amount of energy as an operational philosophy for the humanity which looks forward to normative theories for guiding human activities. Kant's ethics does not just set theories on board that everyone applies rather it calls them to act on principles of reason.

Introspecting into one's heart to read the role of human reason is an unending struggle and a careful study would reveal that Kant's approach of acting on moral maxims should not be narrowed down to rule-driven morality. Kant was pretty certain that if his theory was to be interpreted as rule-based then it would have been simply a technocratic form of morality which is justified by reason. Kant also knew the risk involved in this sort of theories which entrench rules whereby morality becomes a habitual act. For him, morality lies not in habitual inclinations or uncritical acceptance of rules. It is not a mere imposition of codes which seeks an automated compliance by everyone.

With so much of emphasis on autonomy and humanity, Kant would not have confined the rational beings to a system of laws.[33]

Thus, it is an operational philosophy which does not recommend norms of living rather exhibits keen interest for the enhancement of life. It is not a speculative theory but a set of practical guidelines for human behaviour and character formation. His lectures as a professor at Konigsberg University deciphered his ethical theories into concrete principles for human action. For instance, he taught to his students that “If we have taken something away from a person, and then do him a kindness when in need, that is not generosity, but a poor recompense for what has been taken from him” (LE 27:432). Is it not a practical instruction that lies central to any human activity? When the business activities and trade practices abide by such teachings, we have a reason to look forward with hope towards meaningful human existence.

Again often Kant is deeply misread to have constructed a duty bound ethics which subdues being sentimental towards others. A fervent introspection into Kantian ethics would immediately reveal the immaturity of the conclusion. Kant argues for duty for the same reason that his critics use to cite against him. The example of *charitable giving* clears the ambiguity of our discussion. Kant writes that “So we shall acknowledge that we are under obligation to help someone poor; but since the favor 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 to spare him humiliation and maintain his respect for himself” (MM 6:449).

This clearly reveals that Kant’s entire philosophical quest was to grace humanity in every one of us and all our efforts should be to enhance human living and not to humble it. It is a lesson for businesses that they need to perform acts of generosity in a spirit to enhance the charm of human life and for the same reason CSR is a duty and not charity. Kant has a sympathetic heart for the poor and needy but he advocated helping the other in a spirit of duty than mercy. Sympathetic feeling towards others lowers them and do not reveal the humanity in the other in good light. Thus

[33] Morland, *Business Ethics as Practice*, 62.

duty takes precedence because it shows the other in better light making every other a responsible human agent and not a victim of someone's sentiments.

Again Kant's operational philosophy guarantees a value based approach to business. Businesses have to function on a value-led approach finding a match between the values of the individual and company. There is a collaborative process where the individual and the corporation take a common value based stand. Robin Aram who is the vice president, external relations and policy development at Shell International states that, "We don't believe in requiring everyone to comply with detailed rulebooks. We believe in a value-based approach that basically says you are being paid in order to make the right decisions based on a certain set of values and principles. I think value-based approaches are going to be more sustainable in the long term. That is the real driver – it will be more sustainable because people will intuitively, ultimately, instinctively do the right thing based on a set of values and principles."[34]

For Kant, at the helm of this value-led approach is the principle of *duty*. It is of no surprise that he hails it as; "*Duty*! Sublime and mighty name that embraces nothing charming or insinuating but requires submission" (CPrR 5:86). The submission to duty is not a demand of law on human folk but an exigency for the fortification of bond among the members of the world. In businesses, duty to each other stands as the shielding factor against every form of exploitation. With financial irregularities rocking most trades today and with ample possibilities to bypass laws by business firms, it is the realization of this spirit of duty in each one of us which leads towards responsible human activities.

Texas Instruments is a company based in Texas, US, which develops and commercializes semiconductor and computer technology. Its ethical standing has been phenomenal and it is being acclaimed world-over, winning several national awards for the same. In 1997, it went out of its way to have a policy that eliminates all rules yet maintaining the vital values of the company. After intense deliberation and focus groups they limited their rule book to just three words namely; integrity, innovation and commitment.[35]

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[34] Moon and Bonny, ed., "Attitudes and approaches," in *Business Ethics,* 26.

[35] Michael Hoffman W., Dawn-Marie Driscoll and Mollie Painter-Morland, "Integrating ethics into organizational cultures" in *Business Ethics*, eds. 45.

These are core values that give human activities and particularly the human activities in business a social outlook. These values however genuine may be, would not be the automatic choice of human beings at all times and only a responsible dutiful behavior can provide constancy and purity. Intense human feelings of sympathy may occasionally lead an individual or the firm to commit for a noble cause but consistent and a permanent noble actions are possible from duty alone. For, Human feelings fluctuate, temperaments shuttle between extremes blowing hot and cold but duty as a moral principle of reason provides the kind of solidity that responsible human life rightly demands. And in business and trade, responsible corporate image, healthy employee relations and customer preference proliferate only when a person adequately realizes the moral maxim and acts on it. Therefore Kantian ethics though appears to critics as academic theory, it is an operational philosophy that has changed the approach of certain corporations such as *Texas Instruments* and sustained efforts to apply Kantian ethics within the structure of an organization would enhance its efficiency.

6.9 Kingdom of Ends as Kantian Cosmopolitanism: Credo of Business and trade

The richness of Kant's categorical imperative is that it does not merely aim individual moral existence rather it proceeds to bring a communion of all moral rational beings. Therefore he offers a variant of the third formulation that reads; "Act in accordance with the maxims of a member giving universal laws for a merely possible kingdom of ends." (GW 4:439). This formulation has a close affinity with Kant's closest approximation to a formulation of the law in the First *Critique*, where he presents the concept of a moral world: "a corpus *mysticum* of the rational beings in it, insofar as the free will of each, under moral laws, is in complete systematic unity with itself and with the freedom of every other" (CPR A808 / B836). Thus for Kant the individual who is the author of maxim moves on to establish a collective kingdom of ends.

Kingdom of ends is derived from the categorical imperative with rational beings as constituents performing moral responsibilities in a spirit of universality. The rational agents are the members of the kingdom when they give universal laws and are also subjected to the same. They are sovereign beings as law makers and subjects when they obey these laws. This is the nature of the

Kantian kingdom of ends where everyone accepts morality as acting in respect for universal laws. Hence, every member of the kingdom has to be treated as an end in itself. The intuitive idea that gives rise to this formulation is that everyone has a moral obligation to act on principles which are acceptable to a community of rational agents who also have a role in legislation for themselves and others.

For Kant, it is the principle of autonomy that gives a place to rational agents in the ideal commonwealth or kingdom of ends which is a community of rational autonomous agents who are the authors of the moral laws (GW 4:433). He holds that *humanity* or *rational nature* is the only suitable aspirant to be rightly termed an end in itself (GW 4: 428). And such persons possess the capacity to set ends, follow those ends, be autonomous and be a member of the kingdom. Holtman observes that, "*Respect* is the name Kant gives to the esteem we properly feel for whatever possesses or expresses dignity. Thus we can say that, for Kant, dignity resides in the autonomous will and its dictates and is properly met with respect by every rational agent who encounters it."[36]

This theoretical framework of Kant's ethics is the root of human society which should determine every human activity. Business and trade are activities which are vital to the society and every nation's wellbeing. They should bring people under a single umbrella in a way the Kingdom of ends envisages. The international businesses should subscribe to the ideals of Kantian kingdom and work for the growth and benefits of the entire world transcending their limited interests. They should rise above mere business benefits to enhance the chance for peace. Bowie sees it as a possibility when he writes that, "Given the exponential growth of international business, it is not surprising that this view has many adherents today. During the 1970s and 1980s, trade agreements between the USA and the former Soviet Union were defended on the grounds that they would enhance the chances of peace." [37]

Kant was a firm believer in this theory that he reminds us in *Toward Perpetual Peace* that, "It was trade that first brought them into peaceful relations with one another and thereby into relationships based on mutual consent, community, and peaceful interactions even with remote peoples" (PP

[36] Sarah Holtman, "Autonomy and the Kingdom of Ends," in *The Blackwell Guide to Kant's Ethics*, 109.
[37] Bowie, *Business Ethics: A Kantian Perspective*, 15.

8:364). Though sustainable economic development for the trading agents has to be retained but the communion of all rational beings in an ideal kingdom of ends should be the ultimate goal of business.

Trade and business activities have to eventually lead people to their ultimate earthly purpose which Kant terms as cosmopolitanism. Kingdom of ends is where the cosmopolitan culture is brought to light. When people take responsibility upon themselves acting on universal maxims they transcend their differences to perceive a unity of purpose in the world. Trade and businesses would be carried out in a way that one does not become means for the other. Fair pricing and quality of products should be assured in a spirit of cosmopolitanism.

This brings in the principle of cosmopolitan justice in trade and business since justice is integral to trade and business. Kant believed that global justice results from global commerce and fair international trade is possible only in a global set-up where justice is already established. Global fair trade thus presumes global justice. It is not justice in the sale and purchase of commodities within state or between states rather cosmopolitan justice is a justice at a global scale. Kant's cosmopolitan justice envisages constructing an economic order which can meet the demands of justice globally. Boyle argues that this cosmopolitanism would also benefit the trade-world for he states that, "Liberal economic theory holds that these cosmopolitan ties derive from a cooperative international division of labor and free trade according to comparative advantage."[38]

Thus cosmopolitanism does not only bring people together rather it also benefits trade itself so that different nations can market commodities on which they have advantage over others. This supports nations and individuals to produce goods at relatively low cost and exchange for goods of other nations. This helps tremendously the potential trading partners who can adopt to a policy of mutual exchange. Besides, people and nations are brought together and trade becomes a way and a tool for the humanity to come together as members of the kingdom of ends or the ethical commonwealth.

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[38] Michael W. Doyle "Kant and Liberal Internationalism," in *Toward Perpetual Peace and Other Writings on Politics, Peace, and History*, ed. Pauline Kleingeld (New Haven and London: Yale University press, 2006), 229.

Kant affirms trade as a way for world-communion when he asserts, “Uninhabitable parts of the earth’s surface, seas and deserts, divide this community, but in such a way that ships and camels (ships of the desert) make it possible to approach one another over these regions belonging to no one and to make use of the right to the earth’s surface, which belongs to the human race in common, for possible commerce” (PP 8:358). Kant sees here a practical difficulty where the people of the world are disjointed by seas and deserts but there are possibilities for trade and commerce to bring the human race together. Kant places tremendous trust in the powers of trade and business for cosmopolitan existence of human race. The barriers of the likes of seas and deserts will be overpowered by the force of trade and commerce.

Again, it is not just natural barriers like seas and deserts will be overpowered by trade and commerce rather even man-made disasters like war will be trounced as well. Kant argues that the spirit of commerce will triumph over the forces of war because war and trade cannot coexist. In *Towards Perpetual Peace* we read:

> It is the spirit of commerce, which cannot coexist with war and which sooner or later takes hold of every nation. In other words, since the power of money may well be the most reliable of all the powers (means) subordinate to that of a state, states find themselves compelled (admittedly not through incentives of morality) to promote honorable peace and, whenever war threatens to break out anywhere in the world, to prevent it by mediation, just as if they were in a permanent league for this purpose; for, by the nature of things, great alliances for war can only rarely be formed and even more rarely succeed. In this way nature guarantees perpetual peace through the mechanism of human inclinations itself, with an assurance that is admittedly not adequate for predicting its future (theoretically) but that is still enough for practical purposes and makes it a duty to work toward this (not merely chimerical) end (PP 8:368).

Thus, Kant strikes the right chord with this assertion that commerce will force nations towards a peaceable co-existence. Nations cannot live in enmity for long, as history has shown and of late we have the episode of India sanctioning FDI from Pakistan[39], who have fought hideous wars not very long ago and between whom bitter animosity has ruled since partition to this day. Thus we see that Kant is being vindicated today and it needs to go on to establish Kantian cosmopolitanism where the rational agents treat each other as ends in the kingdom.

This union of all *ends in themselves* in the nature of social contract is also an end that is unconditional and the primary duty of all people. These people mutually affect one another as ends of a civil society constituting the ethical commonwealth. This relation of all ends in the structure of a society is the supreme formal condition of all human beings who are secured public coercive laws (CSCT 8:289). In this coexistence of persons, the principle for the constitution of commonwealth is that no one drives the other to happiness rather each seek his or her happiness without infringing the freedom of the other (CSCT 8:290).

For Kant, it is the experience of history that the human race as a whole cannot but exist peacefully yet cannot avoid occasional conflicts with each other. And they are destined to organize themselves into a cosmopolitan society with laws of their own making. Though there are forces which time to time threaten the very fabric of this cosmopolitan vision but they do make advances toward a federation. Kant calls it as the "vocation of the human race" to march towards such a coalition (AN 7:331). This common vocation, "by which all are united through their common interest in being in a rightful condition, a state is called a commonwealth (res publica latius sic dicta)" (MM 6:311). This cosmopolitan commonwealth may not immediately evolve under single head "but is still a rightful condition of federation in accordance with a commonly agreed upon right of nations" (CSCT 8:311).

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[39] The *Times of India*, Aug 1, 2012 reports: "The Indian government on Wednesday formally allowed foreign direct investment (FDI) from Pakistan, the latest in a series of confidence building measures to build trust between the two nuclear-armed neighbors. Pakistani citizens and companies will be allowed to invest in all sectors apart from defense, space and atomic energy, a government statement said. The move to allow FDI from Pakistan had been announced by India's trade minister earlier this year. Both sides have implemented measures to improve trade and business ties, as they slowly rebuild relations that were shattered by the 2008 Mumbai attacks." The Times of India, "India formally allows foreign direct investment from Pakistan", Accessed from http://timesofindia.indiatimes.com/business/india-business/india-business/India-formally-allows-foreign-direct-investment-from Pakistan/articleshow/15312558.cms / on Sept.17th 2012.

This also offers sovereignty to every independent nation for ‘‘No state shall forcibly interfere in the constitution and government of another state’’ (PP 8:346). Thus Kant envisages a unified world that takes pride in a league of all nations. In this quest for unity and oneness, Kant rightly acknowledges the role played by trade and commerce as the promoters of such a league. He expresses that, “It is the spirit of trade, which cannot coexist with war, which will, sooner or later, take hold of every people” (PP 8:368).

Thus the Kantian conclusion is a commitment to a world government in which commerce will have a definite role to play. Though critics might call moral cosmopolitanism as unworkable and seek institutional instantiation instead for the safety of human rights, Kant trusts the force of moral law. His emphasis on voluntary goodness reveals his matured thought pattern whereby he respects the humanity in every person. Though stringent laws and stiff penalties may be an alternative, they may not provide human race the moral freedom to evolve into a peace[40] loving community.

It should also be noted that Kant did hint at punishments and laws but his passion for humanity in every person has always favored a *kingdom of ends* where no one is treated as means. His categorical imperative often referred as the *golden rule* is what should guide every human action, trade and commerce included. Maxwell writes: “One of the wonderful things about the golden rule is that it makes the intangible tangible. You don’t need to know the law. You don’t need to explore the nuances of philosophy. You simply imagine yourself in the place of another person. Even a small child can get a handle on that. There are no complicated rules and no loopholes.”[41]

Thus Kantian cosmopolitanism should be the credo of business and trade. The ultimate goal of humanity is prosperous living of all people in a spirit of unity. Humanity is at its best when rising above the barriers of race, caste and creed. And Kant’s ethics has always recommended a path for

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[40] Kant in his *Lectures on Ethics* tells us that we can be peace-lovers in two ways and though in both cases we value peace, one is certainly superior to the other. He writes: “There are two ways of being a peace-lover: if we wish for our own peace, and if we institute peace among others; the latter is the more magnanimous. This peace-loving disposition differs from that of indolence, whereby we try to avoid all trouble and strife because of the inconvenience it causes, though not because of any gentleness of character; the peace-lover, on the contrary, acts from kindness and good-nature. To be peace-loving on principle, however, is still to love peace as a matter of principle, without regard for any gentleness of temperament” (LE 27:431).

[41] Maxwell, *There is no such thing as business ethics*, 27.

humanity that leads to this cohesion. Ethical commonwealth, cosmopolitanism, League of Nations and Kingdom of ends have in themselves this one point agenda to envisage a humanitarian society that takes pride in peaceable solidarity of human existence. Trade and business being a significant human activity should lead people towards this coexistence. Our attempt to apply Kant's ethics to business and trade clearly reveals that they have the potency to bring a unity of humanity though often egoistic tendencies overrun this noble cause.

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