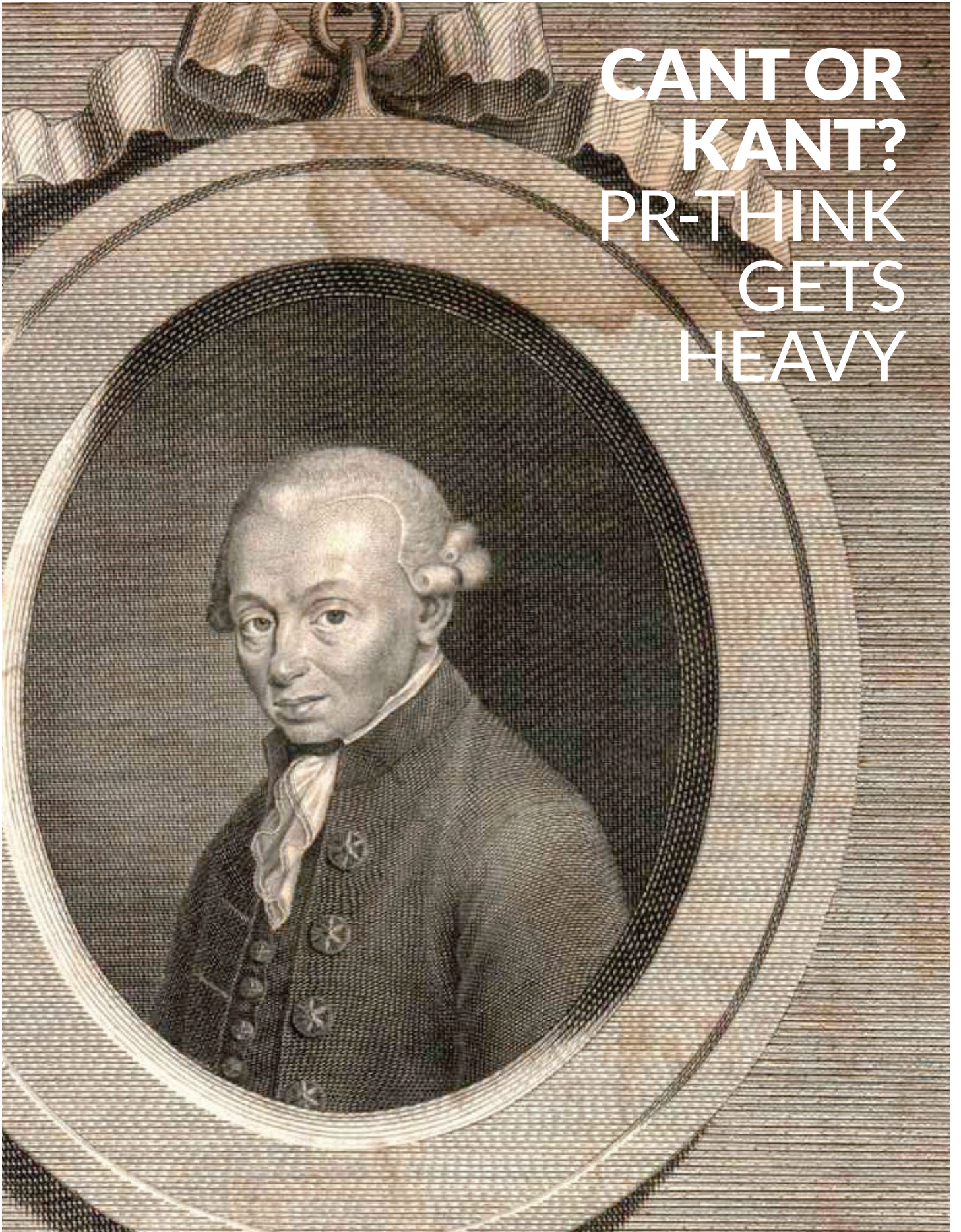


ESSAYS ON 21ST-CENTURY PR ISSUES

**CANT OR
KANT?
PR-THINK
GETS
HEAVY**



PAUL SEAMAN

Cant or Kant? PR-think gets heavy

Paul Seaman

“More PR on the edge thinking”

Craig Pearce

Head of Craig Pearce Strategic Communication

Public relations professionals don't really do philosophy: we're in the people business, and sound-bites suit us better than Immanuel Kant's *Fundamental Principles of the Metaphysic of Morals* (1785).

As for our clients, well, we're bound to note their lust for the latest guru-speak getting lift-off from an airport bookshop.



Part I

Public relations professionals (let's just call them 'PRs') don't really *do* philosophy: we're in the people business, and sound-bites suit us better than Immanuel Kant's *Fundamental Principles of the Metaphysic of Morals* (1785). As for our clients, well, we're bound to note their lust for the latest guru-speak getting lift-off from an airport bookshop.

Yet how our clients juggle individual moral rights, social roles and social conventions cuts to the heart of what PRs communicate. As Martin Sandbu, economics leader writer at the *FT*, says in his new and accessible book, *Just Business – Arguments in Business Ethics*, philosophical thought can illuminate how these processes are managed.

Sandbu begins by ripping to pieces the two dominant, and conflicting, management mantras that guide business decision making today: Milton Friedman's shareholder primacy theory and stakeholder doctrine. He then uses Kant's methodology to put forward what I consider to have the makings of a superior alternative.

First, he interrogates Milton Friedman's managing-for-shareholders mantra and finds inconsistencies inherent in the theory, which casts doubt on its usefulness as a guide to action:

"Friedman himself admits to qualifications on shareholder primacy. He says that managers' responsibility is to conduct the business in accordance with [shareholders'] desires,

which generally will be to make as much money as possible while conforming to the basic rules of society, both those embodied in law and those embodied in ethical custom. But this is as unhelpful as it is eloquent. What is a manager to do if shareholders do not particularly care for 'conforming to the basic rules of society' – whether those of the law or those of ethical custom? ..."

"...if by ethical custom we mean the morality conventionally believed by a majority in society, it could conceivably be the case that conventional moral beliefs require society to be 'socially responsible', even against the desires of shareholders. If so, conforming to ethical custom would bind managers to pursuing 'socially responsibility' to the detriment of shareholder profit, which is surely the opposite of what was intended."

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I have to agree with Sandbu. There is a contradiction, though we both agree there's also much to admire, at the heart of Friedman's position, not least when it comes to property and shareholder rights.

However, while Sandbu is tough on Friedman, he reserves most of his wrath for the incoherencies inherent in stakeholder theory. He observes:

"The imperialist nature of the stakeholder concept – its tendency to include an ever wider range of groups within the orbit of 'managing for stakeholders' – is part of what is wrong with stakeholder theory. For the more groups count as stakeholders, the less plausible it becomes to claim that manag-

ers either can or should run their business in the interest of all of them. Even if we set aside the difficulty of identifying who is and who is not a stakeholder, without which the admonition to 'manage for stakeholders' is rather unhelpful, there remains the problem of what exactly it means to manage in their interest. For, obviously, different groups have different interests, and sometimes those interests conflict. If we think of stakeholder theory as saying that managers should maximize the benefits of stakeholder groups – much as shareholding primacy says they should maximize the return for shareholders – we are hampered by the inconvenient mathematical truth that it is impossible to maximize two or more objectives simultaneously. If, alternatively, we think of the theory as saying that managers are the agents of stakeholders – much as shareholder primacy make managers the agents of the shareholders – we shall quickly find managers stymied by duties that conflict with one another. Shareholder primacy does not suffer from those problems. Even though it is mistaken in claiming managers' duty is to maximize profit, there is at least no incoherence in what that duty, if it is actually applied, would consist of."

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The real problem with stakeholder theory, according to Sandbu, is that it lacks a coherent (logical) normative core that answers the question for whom business should be managed. Stakeholder doctrine cannot identify those stakeholders with an intrinsic moral importance (shareholders) from those with an instrumental moral value. Moreover, as R Edward Freeman, the guru

of stakeholder theory, puts it, there are a number of stakeholder theories each with their very own normative cores. Sandbu remarks:

"If there is no one definitive stakeholder theory that specifies the moral status of stakeholder groups and the duties of management, all that stakeholder approach per se does is to underline that such a specification is necessary."

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Amusingly, Sandbu concludes that stakeholder theory is not a theory at all but merely an acknowledgement that business is a moralized activity:

"Since that is something we already knew, we do best by simply leaving the term 'stakeholder theory' behind."

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So, having shown how the existing "philosophical" and theoretical frameworks are deficient, let's look at Martin Sandbu's proposed alternative. He suggests, and I tend to concur, that a social contract approach, which draws heavily but not uncritically on the work of John Rawls, provides a more durable framework for corporate image-building. Here, in Martin Sandbu's words, is why the social contract approach to business and reputation management is so compelling:

"Once we acknowledge that business behavior must be morally justified and that mere social convention about norms cannot provide that justification, we recognize the need for principles, external to socially defined norms, that can adjudicate the truth and

falsity of the claims those norms imply about what business ought to do. The metaphor of contract, the archetypal form of human intercourse in the economic realm, should be particularly congenial to those seeking an appeal of offering a general method for thinking about specific problems by focusing on what rational persons in an appropriate contracting situation would endorse. This is also its moral appeal: Unlike utilitarianism, social contract theory formalizes the need to justify morality's commands to all affected individuals."

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So, how realistic would it be to adopt a social contract approach based on Kantian morality? Sandbu says:

"...the reasoning must be done in the face of the concrete challenges one may face. The true test of the social contract approach, or any other theory of business ethics, is whether it can help business people move from denial or confusion that recognitions of moral dilemmas often trigger, toward a more stable reflective equilibrium."

Page 195

To give us a guide into how Kantian logic could be applied to real-life corporate dilemmas, he uses it forensically to examine some classic PR case studies. He pores over Texaco's oil spills in Ecuador, Enron's fraud, Guidant keeping quiet about its faulty defibrillators, Google's support for state censorship in China, LeviStrauss's child labour scandal, executive pay and remuneration, and sub-prime mortgages, to name a few among many.



photo: "Ryanair Bremen 2010-07 01" by RaBoe/Wikipedia
<http://goo.gl/SGFLI>

Turning to the practicalities of his approach, he says that the normative conventions of corporate cultures of, say, Microsoft and Google, might well require different moral codes of behaviours for their internal and external communication (variety will remain powerful differentiators).

Indeed, it strikes me that my Ryanair case study – perhaps not as Sandbu might like – highlights a robust and social contract-type approach to a firm's staff, customers and suppliers. Arguably, Ryanair has re-educated a whole industry in a whole new set of normative conventions, ones that have become accepted as the price of low-cost flights and commercial success. It also strikes me that the banks are in dire need right now of a social contract, though perhaps one that is nothing like Ryanair's (though don't get me wrong, I'm a big fan of the airline).

But Sandbu reminds us – as perhaps Michael O'Leary never would – that profit is not everything:

"...there are a host of management theories that say that it is good for business to respect workers as rationally autonomous beings. In contrast, Kantian ethical theory argues that

respecting autonomy is morally required, whether or not it helps the bottom line."

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Martin Sandbu is on to something. What he writes about is very much a PR's concern; it addresses what PRs do and what value they add to business and modern institutions.

His work suggests (at any rate I infer from it) that firms (and our clients in general) need to apply quite tough and honest rules to the contract they are seeking to strike with the outside world. When the contract is more self-interested than obviously aspirational, the underpinning of their case can be both moral and pragmatic. PRs should be skilled in helping clients develop that contract, with its curious blend of the selfish and the virtuous. PRs, of course, need to become especially skilled at framing narratives that are not full of the flaws that Sandbu exposes.

At the very least, I hope that corporate ethics, conflict resolution and reputation management will increasingly be influenced by the ideas Martin Sandbu explores.

Part II

We PRs cannot avoid philosophical matters because, as Martin Sandbu says in his new book *Just Business – Arguments in Business Ethics*, decisions made by business have consequences for other people.

Sandbu, economics leader writer at the *Financial Times*, explains:

“...decisions that transform and create economic value affect people’s lives. That makes them morally significant in many ways, the most obvious being how they determine whom the business activities enrich and whether they make people worse off in the process.”

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Sandbu says Kant’s relevance as a philosopher rests on the stress he places on the intuitive primacy to moral thinking of universality and autonomous rational (informed) decision making:

“Rational autonomy, then—the will freely directed by reason—is the fundamental moral value: It is what moral action is and it is what freedom is. Acting against morality is to act against reason and, therefore, to be unfree, in thrall to one’s [or somebody else’s] inclinations [manipulation].”

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What is most useful about Kant’s thinking and *Just Business*’s contribution is that they provide methodologies for thinking through business ethics. They also provide useful insights into how to develop PR strategies.

In essence, Sandbu argues that firms should align their moral values in the Kantian Enlightenment tradition, which says that people and institutions:

“Act in such a way that you treat humanity, whether in your own person or in the person of any other, always at the same time as end and never merely a means.”

Page 149, quoting Kant

In defence of the great philosopher’s real-world relevance, Sandbu clarifies that:

“We should emphasize the ‘merely’. Kant does not say you may never treat someone else as instrumental to your own goals; that would rule out most business and, indeed, a lot of other innocent non-business human interaction.”

Page 151

What Sandbu is saying is that if business, or any institution, wants to obtain consent for its activities – which is the licence to operate PRs seek to ensure – then it needs to be able to morally justify how it behaves. The key to success lies in being able to demonstrate that any other rational person in a similar position would have made similar choices. The premise is that whenever somebody’s pursuit of self interest is being restricted it can be justified if it can be shown:

“...that he would himself accept the principle that requires the limitation, if he did not seek to make an exception for himself. Similarly, whenever the social contract theory permits someone to pursue his self-interest in ways

that harm the interests of others, it justifies this to them by showing that they themselves would have endorsed the principle permitting the conduct in question had they thought they had an equal chance to be in a position to benefit from doing the same.”

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This draws on the famous position of the social contract theoretician John Rawls: one should act in a way which creates a situation one wouldn't mind being parachuted into. It is also like the position adopted by many global enterprises: they should behave in the worst-regulated countries much as they would in the best-regulated:

“It also provides a systematic approach to partial compliance theory, which deals with the moral rules governing how to behave when others violate morality (as opposed to the ideal compliance theory, which deals with the right thing to do provided everyone complies with the rules.”

Page 196

This approach acknowledges that everybody has pre-determined objectives of some sort. Its practical value is that it helps us work out what business, or indeed any client, ought to do when faced with moral dilemmas.

Kant's methodology helps us speak honestly and directly about difficult issues such as corporate social responsibility or worker and workplace-based rights:

“We can [using Kant's philosophical reasoning] assess the right content of any particular right-claim by asking whether the purported

rights protects the claimant's rational autonomy. A right to organize would seem straightforward to defend on this basis; a right to periodic holidays with pay, in contrast, much more dubiously so. We can similarly begin to determine the content of our imperfect duties by considering, in the situations we find ourselves, which action would not merely respect the autonomy of others but actively promote it. In this light, periodic holidays with pay start to look more plausible...”

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Sandbu also uses Kant's logic in a way that I believe helps PRs avoid setting their clients up to be accused of greenwash. Using Kant's moral reasoning, he argues that CSR that's positioned by PRs as being good for the bottom line lacks moral value. That's because, as he says, it is not because we will receive rewards that we should save drowning people:

“Only if the motivation behind them [CSR initiative] is to do ‘the right thing’ – that is, only if businesses in question see CSR as a categorical imperative, something they should do whether it benefits them or not – only then, according to Kant's reasoning, can their action be said to be of moral worth.”

Page 144

So, according to Kant, Sandbu and me, Milton Friedman (see part-1) was right about that issue all along.



photo: "The messages on Tahrir Square" by Floris Van Cauwelaert
<http://goo.gl/X192d>

Universal values matter

The proposition that there are universally valid moral values in an increasingly globalised world is not to be sniffed at. The recent Arab uprisings have vividly reminded us that the virtues of freedom, democracy and individualism have universal appeal.

The rebellions in Bahrain, Egypt, Libya, Tunisia and Yemen also undermine the claims of those who say there are multiple valid versions of human rights and value systems based on, say, Asian or Arabic

values. Similar cultural-relativist views have been popularised within our own societies in the form of multi-culturalism. However, the version of it that said that everybody's culture had a right to exist in its own separatist bubble has been abandoned because it was seen as divisive and as undermining the values of western society (by western I mean Enlightenment-based, which speaks to the universal validity of our values). Though, of course, respect for each other's traditions remains as important as ever.

When it comes to understanding universal values, Amartya Sen has helped us see things clearly:

"[The] so-called Asian values that are invoked to justify authoritarianism are not especially Asian in any specific sense... The people whose rights are being disputed are Asians, and [the] case for liberty and political rights turns ultimately on their basic importance...[This] is as strong in Asia as it is elsewhere."

Page 129, origin Amartya Sen, Human Rights and Asian Values

Sandbu's criticism also focuses on the logical inconsistencies and moral shortcomings of the cultural relativist's beliefs. He says, and I agree, that just because a majority of people believe something is right in China or Iran or Saudi Arabia, does not make it right:

"For the notion of moral advancement and moral decay presuppose that some moral beliefs are better than others, precisely what relativism denies. But surely, attempts at social reform or resistance against it, while variably noble or contemptible, are not illogical. Of the many things one could say about Martin Luther King or Strom Thurmond, that they made no sense is not one."

Page 56

So Sandbu is a realist. He accepts, as I believe we all should, that there is something positive and pragmatically useful in social relativism's thinking. Cultural differences are owed respect and we cannot simply impose our society's ways and means without modification in countries that oppose them. Sandbu qualifies this point well:

"...the least experience with the diversity of the human experience suggests different rules may indeed apply, morally speaking, in different cultural contexts. Realizing this does not require us to accept any alleged moral equivalence of national cultures – not just because such moral equivalence does not follow from an admission that cultural practices matter (that is the logical mistake of cultural relativism), but because there is nothing special about national cultures."

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To reconcile this seeming contradictory position he draws on the useful work of Donalson and Dunfree. They say there's a need in such communities for "moral free space" and for "micro-social" contracts to function based on their own established norms. We should, they say, acknowledge the existence, up to a point, of an indeterminate social contract that's based on pragmatism. I agree (see my CSR: it's not the same in Lagos as in London).

Dare to question

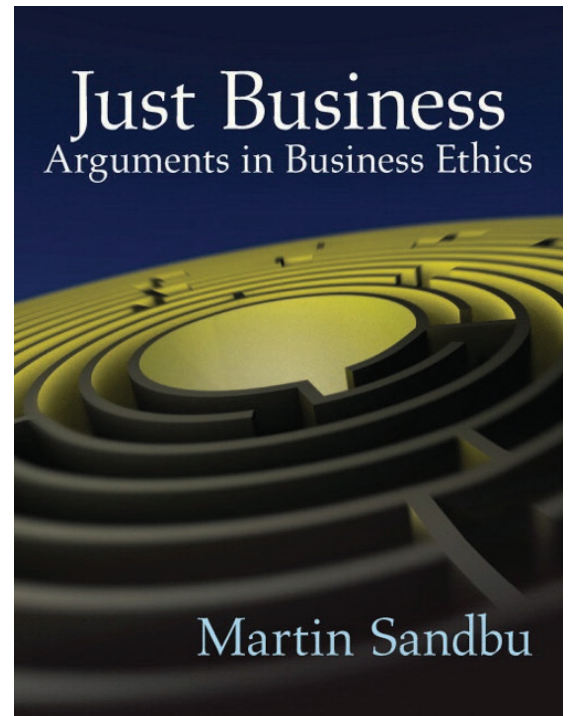
Martin Sandbu has written neither a manifesto nor a textbook. But while *Just Business* is clearly judgmental, its author attractively invites readers to subject his prejudices and preferences to the same critical analysis he applies to the theories he rejects. So the book makes no bold claims to having resolved all of the issues Sandbu examines:

"The social contract approach is not without problems of its own."

Page 195

What emerges from *Just Business* is that Sandbu is no dogmatist. He does not say that we should accept Kant's views on rational morality – his categorical imperatives – as being absolutely right. He acknowledges, there's worthy debate about that. He even rebukes Kant, using Kant's own methodology, for being absurd for arguing that one must always tell the truth, even to a murderer who demands to know where his victim is hiding out.

Moreover, Martin Sandbu urges us not to throw the baby out with the bathwater. He says that we need to rescue the best insights from Milton Friedman and stakeholder doctrine, not to mention conventionalism, consequentialism and utilitarianism. I agree.



Just Business: Arguments in Business Ethics
Martin Sandbu
Wharton School, University of Pennsylvania

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In countries as diverse as Switzerland and Nigeria, I have worked in environments ranging from multinational boardrooms to environmental disaster zones.

I've managed corporate, crisis and product PR. I have dealt with every kind of media. I've counselled at the highest levels and have sorted things out at street level. I live and work near Zurich, Switzerland.

A little more detail of a campaign life

In the 1970s I campaigned for a socialist Britain (and for various health and transport causes later). In the 1980s I did PR for a union in the finance sector. I suppose that's when I switched sides and started working on PR for the finance industry – just as it went into its late 80s meltdown. But Britain is a robust as well as an argumentative place, and it was surprisingly easy to make my case that mortgages had always been advertised as coming with risk.

Perhaps with a nose for the unpopular, I then went into PR for the nuclear industry – then a pariah. This culminated in 1996 with the life-changing experience of fronting the 10th anniversary of the Chernobyl disaster. I worked from the site itself, exploding media myths and lapping up close encounters with nuclear heroes.

For the next ten years I did PR for the IT sector, both product and corporate. So I was getting the media to flog our kit for us. And then getting them to buy into my bosses' M&A strategy. There was much less blood on the carpet but I had fun and learned a lot.

Enthused by my IT experience, I started a trading firm a few years ago. I cashed-in quite profitably. And again, I'd learned a lot.

More recently, I have taken this varied experience to work for a Ukrainian "oligarch" who was flirting (quite well) with CSR and then for a burgeoning indigenous PR house in Nigeria as it helped a huge range of firms produce world-class messages. These were vivid experiences, to say the least, and not to be missed.

What does this tell you? I love the challenge of advocacy, whatever the case, product or place. I love a scrap. I am proud of my portfolio CV. It doesn't begin to tell you how much I love team-work. It may be an age thing, but I've also loved mentoring youngsters.

Here's a conclusion. I have learned to respect people who run things, invent things, make things happen – especially when the chips are down.

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