MORAL RESPONSIBILITY AND BUSINESS CULTURE

James Dempsey (j.dempsey.1@warwick.ac.uk)

1. Introduction

The idea that human organisations have cultures is quite commonplace. By ‘organisations’ I mainly have in mind large modern business organisations, although non-governmental organisations such as charities or religious groups, and others beside, will also fall in this category. I focus on business organisations since many have faced morally motivated criticism for their activities, criticism which has invoked a malign culture. Consider the following excerpts from news articles. On the collapse of Enron:

‘Extravagance, by itself, did not bring the company down. But the company's spending reflected a go-go corporate culture, former employees said, in which top executives cast traditional business controls by the wayside. And that – from top officers who insisted they were unaware of financial details to a relaxed attitude about conflicts that let executives sit on both sides of multimillion-dollar deals – figured heavily in Enron’s collapse.’

On the BP Deepwater Horizon oil disaster in the Gulf of Mexico:

‘BP and other oil industry firms are pitted against the Department of Justice and the US states that were affected by the spill. Mike Underhill representing the Department of Justice said the disaster resulted from BP’s "culture of corporate recklessness". "Despite BP’s attempts to shift the blame to other parties," Mr Underhill said, "by far the primary fault for this disaster belongs to BP". One of the lawyers for the plaintiffs, Jim Roy, said BP had put, "production over protection, profits over safety".

And on the LIBOR interest rate rigging scandal:

‘A report into Barclays bank has blamed "cultural shortcomings" at the bank for problems that led to the Libor-rigging scandal last year [...]. [The Salz Review], commissioned by

---


Barclays, said the bank had become too focused on profit and bonuses rather than the interests of customers.\(^3\)

These claims are unremarkable given an everyday understanding of the idea of ‘culture’, and they can naturally be interpreted as moral claims. Moreover, the question of their validity has important practical implications in cases of corporate wrongdoing. I aim to explain what kind of moral claims they are, and show that when such claims are justified they have implications for the moral responsibility of all organisation members who participate in that culture. A proper understanding of such responsibility ascriptions requires engagement with a number of distinct questions; these questions are not in general new ones and resources for addressing them exist in both the philosophy and sociology literature. The contribution of this paper, therefore, is threefold: to offer a definition of corporate culture that is congruent with the way in which the term is commonly used in morally charged cases, for example those illustrated by the quotations above; to show why existing analyses of moral responsibility in complex organisations, such as businesses, do not satisfactorily address responsibility generated by the operation of culture so understood; and to show how elements of a number of these positions may be nonetheless be employed in combination to make up this deficit.

It is worth noting that this analysis is not intended to be exhaustive with regards to the implications of justified moral criticism of a corporation’s culture. It does not, for example, consider the moral responsibility that might accrue to the organisation’s shareholders, or special responsibility that could be borne by organisation leaders. While the development of the idea of corporate culture presented here will help with these investigations, I focus exclusively on its implications for extending moral responsibility for corporate wrongdoing down to the rank and file members of the organisation. This is important: current practice in cases of corporate wrongdoing is typically to find one or two scapegoats to blame. My argument suggests that, in these cases, the vast majority of culpable individuals are let off the moral hook\(^4\).

I start in §2 by developing an example that will help illustrate the following arguments. In §3 I consider ways in which the notion of corporate culture has been analysed, both in the sociological and philosophical literature, and I argue that morally loaded criticisms of corporate culture are based on a subtly different understanding of the term, centred on the set of ‘goal-oriented’ values

---


4 In making this argument I also provide a reply to those who are sceptical about the possibility – at least in practice, if not in principle – of extending genuine moral responsibility for corporate wrongdoing to organisation members generally. See, for example, Mark Bovens, The Quest for Responsibility: Accountability and Citizenship in Complex Organizations (Cambridge: CUP, 1998) p252: ch7
participants share. §4 develops this notion of corporate culture further, identifying different ways in which organisation members may share values, and hence different ways a culture may be manifested, while §5 shows how value sharing may, in practice, occur in business organisations. In §6 I explain how these relations of shared values, that are constitutive of organisational culture, create causal links between the actions that organisation members undertake. Building on this causal link, §§7-9 develop the claim that organisation members who are joined by a culture share moral responsibility for the actions that each of them undertakes in line with this culture. §10 concludes.

2. An Example

It will be useful to develop a more detailed example of a situation in which a business organisation’s culture is invoked in morally charged criticism of that business’ activity. The situation I focus on is Anthony Salz’s review of ‘Barclays’ Business Practices’ in which he criticises that organisation’s culture for becoming ‘too focused on profits and bonuses rather than the interests of customers’5. As far as the outcomes of this culture are concerned, the Salz report focuses particularly on the LIBOR fixing scandal6; however, it also links it with other bad outcomes, one of which is the payment protection insurance (PPI) mis-selling scandal, in which Barclays was also heavily implicated. PPI policies are designed to cover loan repayments if customers lose their income for a period; however, as Salz notes, a number of concerns about how they were sold led to accusations of mis-selling. For example: high pressure sales tactics; legal exclusions which made it hard to claim against policies; sales to people who would be excluded from claiming; sales to people with no income to protect; and ‘opt out’ clauses which meant some customers did not know they were purchasing insurance7. Just as with the LIBOR scandal, Salz blames a malign ‘culture’ that prioritised profits and bonuses over customer interests for the mis-selling. However, he also sets out how the behaviour and practices of groups and individuals within Barclays contributed to this same outcome. Information provided to senior management as early as 1996 showed how profitable PPI had become, and also how the likelihood of mid-term regulation and investigation by the Office of Fair Trading threatened both profit and reputational risk8. Moreover, in 2005 ‘[t]he Group Executive Committee noted that there were potential concerns relating to the fairness of single premium policies, policies sold where

5 The BBC (2013, op. cit.)
6 For a very brief overview of LIBOR fixing, see Brooke Masters, “What Went Wrong with a Benchmark Rate?,” The Financial Times, 12 June 2012 <http://www.ft.com/cms/s/0/cc85277cc-c115-11e1-853f-00144feabdc0.html#axzz2NRRgWPPHT> [accessed 5 June 2013].
8 Ibid: §6.19
customers could not make claims and sales practices that were “not customer friendly” or “high pressure”. Given this awareness, and their failure to act on mis-selling worries, senior management provided at least an implicit endorsement of the nature of the PPI product that was being sold, and the techniques employed to sell it.

The operational practices that resulted in PPI mis-selling ran from the top to the bottom of the organisation. Indeed, it was front line sales staff that actively engaged in some of the most obvious behaviours: “[h]igh-pressure sales tactics such as giving borrowers the impression that they had to buy PPI to get a loan [...] the sale of PPI policies to customers who were self-employed and not eligible to claim; the sale of policies to people with no income to protect [...]”. By engaging in these behaviours front line staff, and the management that employed and directed them, prioritised profits and bonuses over customer interests. Indeed, it was not only operational staff, but also staff in core support roles that were implicated in these practices – legal experts and others who designed the products (for example, to exclude back pain and stress, which are common causes of absence from work, as allowable bases for claims); HR professionals who oversaw the incentivisation contracts; and those working in finance functions to whom it was clear how profitable PPI was.

What this brief overview illustrates clearly is that the story of PPI mis-selling at Barclays that focuses on the existence of a bad culture can be retold in terms of the practices and behaviours of groups of individuals. The questions of how the two stories relate to each other, and the implications for the moral responsibility borne by the individuals in question, are the subject of the following investigation.

3. What is Culture?

To start this investigation it is necessary to develop a clear understanding of what is meant by ‘culture’. There are many different ways in which this term is used, and so it is to be expected that there will be a variety of different ways of formalising exactly what is meant by it. Each of these may well be correct within its particular terms of reference, but to be clear, the conception that I develop here is specifically intended as a theoretical development of the idea that is being used in the kinds of moral claims made in the examples I have outlined. The two disciplines that have had most to say about the notion of ‘culture’ are sociology and anthropology, with the basic difference between the

---

9 Ibid: §6.20
10 Ibid: §6.16
11 When an insurance product has claims running at only 15% of premiums (Salz: §6.20) this should be cause for concern that customers are being exploited.
two being that sociologists take the functional view that organisations have cultures, while for anthropologists they are cultures. Cameron and Quinn argue that it is the sociological view that has come to dominate thinking about culture and this results in a conception that ‘refers to the taken-for-granted values, underlying assumptions, expectations, and definitions that characterise organisations and their members’. Many different frameworks for understanding and assessing organisational culture have been developed on this basis; Cameron and Quinn employ the ‘Competing Values Framework’, which is based on the idea that an organisation’s culture will (in broad terms) vary along two value-based dimensions. The first dimension has ‘flexibility and discretion’ set opposite ‘stability and control’, while the second has ‘internal focus and integration’ set against ‘external focus and differentiation’. This framework (very simply put) allows organisations to assess their existing culture and, if necessary, engineer a cultural change – for example, if there is cultural variation across the organisation, or the current culture does not fit with the desired corporate strategy.

Cameron and Quinn also reference other sociologically-based frameworks for understanding culture that employ dimensions based on opposing values, such as dimensions of ‘cultural strength’ and ‘congruence’; a single dimension of ‘holographic’ versus ‘idiographic’; or a ‘strong-weak’ dimension and a ‘internal-external focus’ dimension. Two important points can be noted regarding this dominant sociological perspective of organisational culture: it identifies the core values that organisation members share as a central element of such culture; and the kind of values that it focuses on are those that govern the way that individual organisation members relate to each other and the way in which they are expected to go about their organisational business. To put it another way, the sociological perspective is interested in culture as one of a variety of features of an organisation that determine its ‘effectiveness’, where this, presumably, is to be interpreted as ‘effectiveness at achieving its goals’.

While the importance of this investigation for organisations should be clear, the basic notion of ‘culture’ at work is quite different from that employed in the morally motivated criticisms of

---

13 Ibid.
organisations with which I started. Those criticisms are not interested in the values – such as flexibility and discretion, or stability and control – according to which organisation members coordinate their activity. Rather, they are concerned with the values that underpin the goals that those organisations pursue (however their members happen to be coordinated): in the case of Barclays, the value of profits and bonuses as opposed to the value of customer interests. I will thus identify the kinds of values that I am interested in here as ‘goal-oriented values’ as opposed to ‘coordination-oriented values’.

Another place in which to look for an analysis of corporate culture is the philosophy literature that deals with the nature of organisations and the collective activity that they undertake. This literature is, on the face of it, particularly relevant since it often combines a discussion of organisational and collective activity with an analysis of how such activity generates responsibility and where that responsibility falls. While these various accounts differ in a number of respects from each other – in particular, they are often split between ‘individualist’ and ‘collectivist’ accounts – they all start with a similar assumption. This is that, insofar as the existence of an organisation makes a difference to how we characterise the activity of the individuals that make up that organisation (and assign responsibility as a result) it does so because those individuals come together to participate in some kind of joint action. For example, from an individualist perspective Seumas Miller says that ‘[w]e can usefully distinguish four senses of collective responsibility [and that he] will do so in relation to joint actions’. Margaret Gilbert, who argues for a collectivist position, similarly says that ‘[a]t the core of any plausible model of a blameworthy collective will be an account of a collective’s action’. An alternative collectivist position is offered by List and Pettit and, given that their project is focused on providing an account of group agency (and hence action), their discussion of group responsibility takes such action as a starting point.

18 One notable exception is Lepora and Goodin’s treatment of the notion of ‘complicity’, on which I draw in the development of the arguments that follow: Chiara Lepora and Robert E. Goodin, On Complicity and Compromise (OUP Oxford, 2013), p. 192.
21 List and Pettit (op. cit.: ch 7)
These analyses of organisational and collective activity do not, however, capture the nature or significance of corporate culture as it is employed in the morally charged criticisms that I have described. Joint action is not synonymous with the existence of shared, goal-oriented organisational values that I have argued constitute such culture, nor does it necessarily follow from or imply such values. The theoretical accounts mentioned above all allow that a group may adopt the feature they take to be necessary for joint action – a joint intention or a shared end – without having a common set of shared values. Equally, the group may adopt a common set of values without joint intentions or shared ends necessarily following.

Of course, where members of an organisation share a set of values it is possible, perhaps likely, that they will engage in joint action in its pursuit. However, moral criticism of an organisation on the basis of its culture does not presuppose such joint action. The notion of ‘organisational culture’ at which I have arrived, then, is of the goal-oriented values that are shared amongst members of the group. It is different from that employed in the accepted sociological account of culture which focuses on internally directed co-ordination oriented values; it is also different from the idea of joint action which underpins most philosophical analysis of responsibility in organisations. This account is, however, broadly in line with discussions of the kind of organisational culture with which I am concerned. In his report into Barclays’ business practices, Salz says that ‘values are the foundation of culture. They represent the core of what is important – the shared principles by which individuals and groups in organisations make choices’. The challenge now is to use this conception to derive justified ascriptions of moral responsibility to members of the business organisation that are congruent with moral criticisms that are expressed using the language of corporate culture. To do this, three questions must be addressed: (1) what does it mean for a group to share a set of values; (2) how do such shared values connect those individuals, the actions they take, and the outcomes they produce; and (3) what does this connection mean for the way that moral responsibility is generated by and ascribed across that group? These questions are the subjects of the following sections.

22 This is at least the case in the way these terms are employed in the literature in question, for example where a ‘shared end’ is defined as an end that presupposes the necessity of joint (as in interdependent) action as a means to that end.
24 The conception of culture developed here may seem overly narrow. It could be accepted that a group of individuals who share, and pursue, a common set of values are united by a culture, while at the same time holding that such shared values are unnecessary. For instance, it may be argued that a group possesses a culture when it exhibits a set of conventional practices, even though the individual organisation members do not commit themselves to the values that underpin those practices. My response is that it is precisely by participating in value-laden conventional practices of this kind that individuals come to share values in the relevant way. I argue for this claim in the following sections.
4. What Does it Mean for a Group to Share Values?

I have argued that moral criticism of organisational culture is based on the shared, goal-oriented values that are (at least in part) constitutive of such culture, but the nature of such value sharing needs more investigation if it is to be the basis for justifying ascriptions of moral responsibility to organisation members. A good place to start is with an analysis of shared values offered by Margaret Gilbert. She starts by noting that in order for an account of shared value to get off the ground, we need an account of value (or, more accurately, of valuing). Her favoured approach is to say that for an individual to have values, that individual must have beliefs or opinions ‘to the effect that some item or items have a certain value’. However, she also notes that others may prefer to cash out valuing in terms of a person’s attitudes rather than their beliefs. Gilbert takes the view that either account of value will fit into her analysis of how shared values create unity in a group, and I follow her in this conclusion. Her main purpose is to discuss the nature of social unity, when such unity gives members of a group sufficient standing to intervene in the affairs of others, and the implications of these conclusions for freedom. My purpose in discussing shared values is to explore how sharing values connects individuals, the actions they take, and the outcomes they produce in a way that allows an individual to acquire an element of responsibility for the actions of others. While the two aims are similar they are not the same; in this section I set out the different models of value-sharing presented by Gilbert, and then discuss which, if any, connects individuals in a group in the way implied by the notion of ‘culture’ that I have developed.

Given the account of value with which I am working, the notion of shared value is of a group of people together believing that a thing or things have value. As Gilbert points out, this idea may also be cashed out in a number of ways, and she identifies three such ways: the ‘summative account’, the ‘complex summative account’ and the ‘plural subject account’. I take it that none of these is the only ‘correct’ meaning of ‘sharing values’, but rather each illustrates a different way in which values may be shared in a group. Under the summative account values are shared within a group only insofar as members of the group each individually happen to endorse the same set of values. While

---

26 It is worth noting that elsewhere Gilbert explicitly discusses the notion of group culture as being based on the shared beliefs of group members, an approach which further endorses the analysis of culture I am offering here: Margaret Gilbert, “Culture as Collective Construction,” in Soziologische Theorie kontrovers: Kölner Zeitschrift für Soziologie und Sozialpsychologie. Sonderhefte, 2010.
28 M Gilbert, “Shared Values, Social Unity, and Liberty”: 27
29 Ibid.
some members may realise that they share some values with some other members, there is no systematic communication of the values that each holds, so no general awareness of the fact of shared values. In Gilbert’s view, in groups where values are shared in this way, little is contributed to the unity of the group beyond a weak kind of qualitative unity.

The complex summative account builds on the simple summative account by incorporating the ‘relatively small but significant addition’ of ‘common knowledge’\(^{30}\). This condition can be captured in simple terms by saying ‘that it is completely out in the open among the members of the relevant population that everyone has certain values in common’\(^{31}\). The significance of this addition is to be found in its effects on the attitudes and actions of the individual members of the group. Gilbert notes that absent common knowledge of value sharing, group members ‘might be loath even to express their views publicly, let alone interfere with another for acting against the value in question’ whereas ‘[o]nce the fact that all have the same value is out in the open, this fear will most likely vanish, and each will be able comfortably to express the value without fearing that they will provoke disapprobation or even discomfort in the others’\(^{32}\). However, Gilbert argues that while the knowledge of value sharing will make group members feel more comfortable about expressing their values and intervening in the value-driven choices of others, it does not give them any additional basis for intervening, in the sense of endowing them with a greater normative authority. For her purposes, then, even the complex summative account does not generate sufficient group unity.

Gilbert, however, has in mind another account of value sharing that she considers is sufficient to generate the kind of group unity that puts each member in a position of authority with respect to the other group members when it comes to intervening in their actions. Here she draws on her account of joint commitment that she has developed in depth elsewhere\(^{33}\). I will not reconstruct her entire account here, but rather set out the salient features for the current purpose. When group members enter into a joint commitment to share certain values they are doing more than simply making it common knowledge that they each happen to endorse the same values. A commitment is, effectively, a decision and any individual may make a personal commitment simply by making an individual decision. Once an individual commitment has been made, the person in question is committed to acting in light of that decision until it is rescinded. He may, however, rescind a personal commitment at any time, unilaterally.

---

\(^{30}\) Ibid: 32

\(^{31}\) Ibid. Italics in original.

\(^{32}\) Ibid: 32-33

A joint commitment, on the other hand, occurs when several individuals make a decision together; for example, they decide to act together in a certain way. Joint commitments are significantly different from individual commitments. Each party is committed to acting in line with it until it is rescinded, but no one party can rescind a joint commitment unilaterally – they must again decide to do this together. Importantly, Gilbert argues that the existence of a joint commitment implies nothing about the individual commitments of those who participate in it. So, in the case at hand, a group of individuals may engage in a joint commitment to value certain things, but this does not mean that they each individually value those things. In participating in a joint commitment, each party is required to act in certain ways. The implications of this, in the case of a joint commitment to value, Gilbert spells out as follows:

‘The joint commitment in the case we are considering is a commitment to believe as a body that some item I has a certain value, v. This would be achieved by each of the committed parties doing such things as: confidently stating that item I has value v; refraining from calling this or its obvious corollaries into question; suggesting by actions and emotional expressions that item I has value v; not, therefore, acting contrary to the shared value, nor reporting such contrary actions with bravado.’

It is precisely because each individual has entered into a commitment with the others that each has an obligation to all of the others to behave in certain ways. Therefore, each acquires an appropriate normative standing to intervene if any of the others acts in a way which contravenes the agreed values. For Gilbert’s purposes, this makes the joint commitment account of shared values the relevant one.

It is worth noting here that Gilbert takes the view that the joint commitment account of shared values requires a collectivist understanding of the group in question and coins the term ‘plural subject’ to capture the idea that the ‘thing’ that enters into the commitment is something more than simply the sum of the group’s members. While Gilbert’s collectivist notion of joint commitment certainly supports the important aspects of that idea for the present purpose, so do more individualist notions. The important aspects here are the obligations that bind the individual members of the group to each other, causing them to have a unity which a mere awareness of values-in-common would not achieve. Indeed, while Gilbert defends her approach she notes ways in which individualists have explained the existence of such obligations in their own terms, ways that

---

35 M Gilbert, “Shared Values, Social Unity, and Liberty”: 34-35
she does not entirely dismiss\textsuperscript{36}. One way to explain how such obligations come about would be to say that joint commitments introduce a certain \textit{interdependence} between group members that does not exist when they simply have features in common, and this is what grounds the stronger normative relations between them. By committing to value something \textit{together}, each individual invites the others to rely on her to act in ways appropriate to this commitment. However, individualists, for example Seumas Miller, have leaned heavily on the notion of interdependence in explaining how we should distinguish \textit{joint} activity from \textit{purely individual} activity for the purpose of normative analysis, without relying on irreducibly collectivist ideas\textsuperscript{37}. There is, then, no reason to think that a joint commitment account of what it is to share values requires a collectivist view of group activity.

Which of these accounts of value-sharing corresponds to the idea of ‘culture’ with which I am interested? Insofar as I have defined ‘culture’ simply as the sharing of goal-oriented values, any of these models could be equated with a group culture, provided it is the ‘right kind’ of values that are being shared. One relevant distinction separates the simple and complex summative accounts from the plural subject account, however. Any summative account is based on the fact that each individual who is involved in the value sharing personally endorses the values to be shared, whereas the plural subject account is not based on such individual valuing. Rather it is based on a commitment between group members to value certain things \textit{as a group} and to act appropriately given this commitment. There is no need for each participant in this commitment to value these things personally in order to enter into it. I argue below that this way of sharing values is particularly relevant in large business organisations.

\textbf{5. Shared Values in Business Organisations}

All three of these accounts of how individuals share values in a group are plausible, and the model that applies to a given situation will be determined by consideration of the particular conditions that pertain. Given that I am particularly concerned with the culture of business organisations, I now offer some considerations on how values are in fact shared within such groups. Of course, it is entirely possible that any of the three accounts \textit{could} apply within a business organisation, and there will undoubtedly be examples of each. Equally, there will be some business organisations where no value-sharing occurs – organisations that have no culture. However, typical large business

\textsuperscript{36} M Gilbert, “Shared Values, Social Unity, and Liberty”: n23
\textsuperscript{37} Miller, \textit{Social Action: A Teleological Account}. 

11
organisations have certain features in common that will mean that they tend towards a certain kind of value-sharing.

Business organisations are typically characterised by habitual courses of action in which their members partake, which are often identified using the language of ‘practices’ and ‘behaviours’\(^{38}\). In §2, for example, I set out how in the case of Barclays the practices and behaviours of different groups within the organisation all contributed to the mis-selling of payment protection insurance to customers. My contention here is that engaging in such practices and behaviours can lead to value sharing; in particular, it is through practices and behaviours that joint commitments are established within business organisations to value certain things. These habitual ways of acting often predictably promote certain things as valuable and other things as less valuable. This is not to say that all the participants in these ways of acting personally value the things that they promote – they may have other reasons for acting in these ways\(^{39}\) – and so for this reason practices and behaviours cannot be taken as good evidence of value sharing on a summative account. Rather, by acting habitually in ways that promote certain things as valuable, organisation members are signalling their willingness to join with other organisation members to act consistently as if they all, together, believed those things to be valuable\(^{40}\). For example, in the case of Barclays, many individuals drawn from across the organisation all acted as if generation of profits was more important than customer interests. Practices and behaviours therefore provide a mechanism by which joint commitments to value may be formed. Indeed, in Gilbert’s view a joint commitment to value is formed when all members of a group express their readiness to enter into the commitment and also become aware that all other members similarly express their readiness\(^{41}\). Participating habitually in value-laden practices and behaviours, and seeing that others do the same, fulfil these criteria in the case of members of business organisations\(^{42}\).

To illustrate this further, more can be said about the complaint levelled at Barclays by the Salz Review – ‘the bank had become too focused on profit and bonuses rather than the interests of customers’\(^{43}\). The complaint, on the account I have provided, is that there was a culture in Barclays

\(^{38}\) This is language that is used, for example, by Salz, *op. cit.*

\(^{39}\) For example, they may be focused primarily on earning money to improve their lots, and those of their families.

\(^{40}\) While I am claiming that practices and behaviours are often value-laden, in the sense of predictably promoting certain things as valuable, I am not suggested that every practice or behaviour must be value-laden. Some may not predictably promote any values, or the values they promote may be ambiguous.

\(^{41}\) Margaret Gilbert, *A Theory of Political Obligation: Membership, Commitment, and the Bonds of Society*: 138

\(^{42}\) Gilbert expressly discusses how joint commitments can be established in large and distributed populations (*ibid*: 174-179). This account, I contend, supports my appeal to the role of practices and behaviours in establishing such commitments.

\(^{43}\) The BBC, “Barclays' Salz Review Blames Bank Culture.”
that prioritised profits and bonuses over the interests of customers; this, in turn, amounts to individuals within Barclays together valuing profits and bonuses and not valuing customer interests (or at least not valuing them as much). The examples of the particular practices and behaviours of individuals drawn from across the organisation, set out in §2, are evidence of this culture precisely because they are evidence of those individuals all acting predictably to promote profits and bonuses over customer interests – front line sales staff; the management that employed and directed the sales staff; legal experts and others who designed the PPI products; HR professionals; and, finally, senior management. In engaging in these open and ongoing activities all these people entered into a joint commitment with each other to value profits and bonuses over customer interests.\textsuperscript{44}

6. Shared Values and the Connections they Create

This account of how values are typically shared within large business organisations is the first step towards establishing the implications of such value sharing – and the culture so created – for the moral responsibility of organisation members. The second is to set out the different kinds of event that an individual may bring about when he engages in the sort of value-laden practices or behaviours that underpin corporate culture. Broadly speaking, there are four kinds of event that he may cause or bring about:

a) The actions he undertakes in engaging in the relevant practices and behaviours;
b) The contribution his actions make to an organisational value system – the culture;
c) What others do as a result of the existence of this culture; and
d) The outcomes of those actions.

To expand upon each of these categories: (a) simply captures the value-laden activities themselves, that individuals undertake, distinct from any of the further implications or consequences of those actions. So, to go back to the Barclays example, the HR professional who designed the incentivisation contracts for front line sales staff brings it about that such contracts are designed, and that the employees they are designed for act upon them. Under (b) is captured the idea that value-laden activities not only achieve the primary aims for which they are undertaken, but also

\textsuperscript{44} It is worth noting that in a typical business organisation, there are many employees that it is implausible to suppose participate in corporate culture in a way that makes them responsible for the actions and outcomes of others that have been influenced by that culture – support staff that are far removed from the central operations of the business, such as cleaning and catering staff, for example. Therefore not all organisation members are necessarily participants in its corporate culture. Those organisation members who do not engage in value-laden behaviours or practices are not, by definition, implicated in the actions and outcomes that result from corporate culture.
contribute to the establishment and continuance of organisational culture, in the way described above. Thus the HR professional would not just bring about the creation of the incentivisation contracts themselves, but also, through the activities that he undertook in designing and implementing those contracts, he would send a message to other organisation members that he was willing to commit himself to pursue certain values. While (a) and (b) are the most immediate categories of thing for which an individual may be held responsible, (c) and (d) are particularly relevant to the discussion at hand. The key question is this: can an individual contribute causally to the actions of others, and the outcomes that occur as a result of those actions, if together they are joint participants in the same culture? Answering this question depends on setting out clearly the ways in which participants in a culture are influenced to act by that participation.

The connection, I contend, is as follows: the relationship that is established by sharing a culture with others – the ‘unity’ with those others, in the language used earlier – gives each member reasons to promote the shared values that are constitutive of that culture (and removes reasons not to), with the strength and nature of those reasons depending on exactly how the values are shared. The discussion of different ways in which values are shared, in §4, set out the nature of these reasons in some depth. In cases where values are shared according to the complex summative account, each individual is more likely to act in line with the values that she holds since the knowledge that others around her share those values removes reasons for refraining from doing so – reasons based on the fear of being questioned or reprimanded. In cases where values are shared according to the joint commitment account, however – as is the case in the kind of business organisations I have described – participants in the value sharing are provided with positive normative reasons for acting to promote the shared values, reasons based on the obligations flowing from that commitment.

When any participant in a culture created by a joint commitment-to-value acts in line with those values, any other participant in that culture might, plausibly, share in the responsibility for that action and the outcomes that arise. This is because each participant has contributed to the reasons that the actor has for acting in that way. This relation between individuals in an organisation, that of ‘giving or contributing to reasons to act’, has been noted elsewhere as being of significance in the moral assessment of those individuals. A natural way of capturing this relationship is in the language of ‘complicity’. When agent $A$ undertakes action $O$ in pursuit of value $V$, then agents $B$, $C$, and $D$ are all complicit in that action if it is the case that all four participate in a culture together that promotes value $V$. This relation of complicity makes it possible, given certain conditions, that $B$, $C$, and $D$ may be held at least partly responsible for action $O$ and its outcomes. This conclusion is endorsed by

---

45 Gilbert argues that joint commitments do not establish *moral* reasons to act, but they do nonetheless bind the participants together in a normatively significant way, for example: Margaret Gilbert, *On Social Facts*: 162
Lepora and Goodin’s multifaceted treatment of the notion of ‘complicity’\textsuperscript{46} in which they distinguish a range of relations that are typically captured using this language. In Lepora and Goodin’s terms, the kind of case in which I am interested is one of ‘secondary wrongdoing’, where an individual contributes causally to the actions of others without herself being a party to those actions. They offer different versions of secondary wrongdoing, but the way that individuals influence others through participation in culture is best captured by what they call ‘complicity simpliciter’. This category is used to capture examples of complicity where the action of complicity ‘might induce or incentivise the wrongdoing […] or encourage it […] or make it easier to perform’\textsuperscript{47}.

This is an account of how all participants in a corporate culture are connected to the actions of all other participants, where those actions are undertaken in pursuit of the values to which all are jointly committed. It may be questioned, however, whether it really establishes the kind of causal connection that could form the basis for sharing responsibility for those actions – and their outcomes – between all such participants. This doubt is particularly relevant in large organisations where many people participate in the culture and so it looks like the contribution of any one of them is largely irrelevant to the outcomes that result. Lepora and Goodin capture this challenge by referring to the ‘mystery’ that surrounds cases of ‘causation by many hands’\textsuperscript{48}. Their response is that moral responsibility is possible not just in cases where an individual’s actions are ‘definitely essential’ to an outcome, but also where they are ‘possibly essential’ as well\textsuperscript{49}. Moral assessment of an act is undertaken \textit{ex ante} and so it is reasonable for an individual to be considered ‘on the hook’, morally speaking, for an outcome if it was possible at the time that she acted that her action could be essential to the bringing about of that outcome. Here ‘possibility’ is interpreted in terms of ‘counterfactual individual difference making’, where the chance that the action would be essential to the outcome is understood as the closeness of possible worlds in which it actually was\textsuperscript{50}. This treatment allows us to make sense of situations where we naturally want to assign moral responsibility to all contributors to an outcome even though, in fact, each of their contributions was individually unnecessary – for example, cases of overdetermination such as when many individuals all fatally shoot someone at the same time\textsuperscript{51}. It is this kind of relation that each participant in a corporate culture bears to the actions of others who are influenced by that culture, and the outcomes that result.

\textsuperscript{46} Lepora and Goodin.
\textsuperscript{47} \textit{Ibid}: 42
\textsuperscript{48} \textit{Ibid}: 64-65
\textsuperscript{49} \textit{Ibid}: ch 4, especially section 4.1
\textsuperscript{50} \textit{Ibid}: 64-65
\textsuperscript{51} \textit{Ibid}. 

15
If responsibility-sharing of this kind can be supported, then the implications for individual responsibility in the kinds of cases with which I began will be significant. Moral criticism of corporate cultures on the basis of the values that they promote and the outcomes that they occasion will translate directly into ascriptions of moral responsibility for those outcomes to each individual that participates in that culture through their participation in the joint commitment-to-value that underpins it. To make this final step, however, I must say more about the conditions that must be satisfied in order to move from causal responsibility to moral responsibility.

7. Individual Moral Responsibility for the Outcomes of Corporate Culture

To find individuals morally responsible for the actions of others and the outcomes that result, more is required than simply showing that an appropriate causal relation exists. In particular, three additional conditions must be satisfied:\footnote{These conditions are, I take it, congruent with those discussed by Lepora and Goodin in their treatment of moral responsibility, \textit{ibid}: ch 5.}

\begin{itemize}
  \item[i.] The action of the third party to which an individual contributes must constitute wrongdoing;\footnote{In saying this I am focusing on cases of moral responsibility for wrongdoing; of course, individuals may also be morally responsible for doing good as well.};
  \item[ii.] The individual must know that she is contributing to wrongdoing;
  \item[iii.] There must not be any further considerations to which she could appeal that would either justify or excuse her contribution.
\end{itemize}

Taking these three conditions in turn, I will first consider the kind of actions that constitute wrongdoing in the context of business organisations and the outcomes that they bring about. There is often confusion as to what constitutes morally acceptable or unacceptable behaviour in this context, and without addressing this subject directly it will be unclear both what kinds of actions generate moral responsibility, and how individuals engaged in business activity can be expected to know that this is the case. Firstly, and perhaps obviously, absent any special considerations operating within a business context cannot free individuals from the normal moral constraints that apply to them. If it is wrong to cause gratuitous harm in a personal capacity, it is also wrong to cause such harm in a professional capacity. Business is not an ‘ethics free zone’. The tendency to think that the ethical rules that apply in a business context are different from those that apply in private life, while overblown, is not without substance, however. These variations stem from some very specific considerations and require careful justification in any particular case.
The relevant considerations can broadly be captured in terms of the special duties and permissions that apply due to the particular roles that are fulfilled by business organisations and the individuals that populate them. These duties and permissions must then be balanced against the basic moral constraints that individuals are under when operating in a personal capacity. Roles are, typically, acquired by entering into certain relationships with third parties. The relationship that is often given most prominence in the case of commercial organisations is that between the organisation and its shareholders. This relationship, at least in legal terms, is one of ownership and gives the shareholder group the right to direct the activity of the organisation – set its purpose – in a similar way to that in which an employer directs the activity of an employee. It is typically taken that the default purpose of a business organisation, from the perspective of its shareholders, is to generate long term financial rewards by producing goods or services.

Not all organisations, and not all business organisations, are the same, however. A significant difference is to be found in the context in which each operates – the markets it targets, its position and power in those markets, the products or services it produces and their characteristics, etc. These differences affect the moral obligations and permissions under which the organisation operates. A striking example of institutions upon which special requirements fall was offered by John Rawls in his characterisation of the ‘basic structure’ of society – that set of political and economic institutions that have a particularly significant effect on the distribution of the proceeds of social cooperation. This feature of certain institutions makes it legitimate to hold them to particular standards of justice. Rawls in fact denied that business organisations could form part of the basic structure of society, although this has not prevented recent attempts to invoke his theory to show why such organisations can be expected to promote justice. A more prosaic example of a value that some organisations have a special power to influence is the value of safety. Those organisations engage in activities that have particular potential to generate risks to the safety of employees or third parties connected to the activity. A good example is BP: the judgment that there is a special requirement for BP to value safety is captured in the earlier quotation referencing the Deepwater Horizon disaster.

Alongside intrinsic values, such as justice and safety, business organisations can also be under obligations to promote instrumental values, such as when the organisation in question is part of a broader system that is itself morally justified and where, in order to play its role effectively, the organisation must espouse values that in isolation would not be acceptable. The obvious example here is Adam Smith’s ‘invisible hand’ justification of the market system of economic organisation.

---

and the competitive behaviour of participants in the system. Within such a system an organisation may be permitted to put little or no value on equality of resource distribution, even though equality is a background value that, all things being equal, should be pursued. From this discussion we can conclude that wrongdoing in a business context can take a variety of forms. Most basically, some kinds of action will be wrong in any context, such as causing gratuitous harm to third parties, while some kinds of action will be wrong because they violate particular obligations that are acquired through the relations that business organisations and their members bear to others, such as shareholders. Yet other kinds of actions will be wrong because they fail to take seriously the responsibility of business organisations to promote certain values that they have a particular power to promote – whether these are intrinsic values, such as justice or safety, or instrumental values such as competition.

8. **Knowingly Contributing to Wrongdoing**

In order to be personally responsible for corporate wrongdoing on the account that I am offering, an individual must know that they are contributing to it; this is condition (ii), above. To have such knowledge he must both understand what constitutes corporate wrongdoing and how his actions will contribute to it. In the case at hand the contribution I am concerned with is that made through the incentivising effect of corporate culture. Of course, there will be situations in which it is unclear whether this condition is satisfied, either because it is genuinely hard to determine what the correct path of corporate action is, or because it is genuinely hard for the individual in question to see how his action will contribute to the actions that constitute corporate wrongdoing. I am not going to try to analyse such borderline cases, but rather to argue that there are many cases where it is both clear that certain activity constitutes corporate wrongdoing and that it is (or should be) clear to many of the individuals who participate in the enabling culture that they are contributing to that wrongdoing. Take, again, the case of Barclays. It is clear that the specific activities on which the Salz Report focuses constitute corporate wrongdoing – specifically, the mis-selling of PPI insurance to consumers, and the rigging of the LIBOR interest rate. While some of the employees engaged in these activities at the time may have fooled themselves into thinking that such activity was acceptable, it is not plausible that the interests of customers who relied on the honesty of Barclays

---

57 It is an argument of this kind that John Rawls makes in formulating and justifying his famous 'difference principle' that forms part of his model for an optimal system of resource distribution within a society Rawls, *A Theory of Justice*: 65-73
staff could be outweighed by the interests of Barclays in making more profit, or those staff in making more bonuses.

On my argument, any Barclays employee who contributed to the culture that prioritised profits and bonuses over customer interests is susceptible to a share of the moral responsibility for both the LIBOR fixing and the PPI mis-selling. But how could such individuals know that they were contributing to either of these activities? The answer here is that they could not know, ahead of time, that they were contributing to exactly these activities, unless they were directly involved in them. So, for example, the HR professional who designed the incentivisation contracts for PPI sales staff could be expected to predict the direct effects this action would have on the behaviour of those staff, but could not predict that the culture in which she was thereby participating would play a role in leading others in the organisation, well removed from her, to fix the LIBOR interest rate. Nonetheless, I am claiming that she bears some moral responsibility for both activities. The reason for this is that she does not need to know exactly which wrongdoing she will help bring about in order to know that she will help bring about wrongdoing of some kind. In encouraging others – through the mediating effects of culture – to promote profits and bonuses over customer interests, she can certainly know that she will contribute to behaviour that fits this description, and she can certainly know that in many cases, if not most, behaviour that fits this description will involve wrongdoing. It is therefore entirely legitimate for her to bear responsibility for whatever this behaviour happens to be. There is an element of moral luck in the final determination of the actions and outcomes for which an individual may be held responsible in this way, but I do not take this to be a drawback of the account. Indeed, this acceptance of moral luck seems built in to the kinds of moral judgments we make when we invoke corporate culture, such as those captured in the quotations with which I began.

9. Justifications

The third condition for moral responsibility is that there are no justifications or excuses to which the individual may appeal in their defence. There are two particularly common kinds of justification that are offered in defence of the behaviour of individuals within business organisations. Here I

---

58 A justification allows that an act may be morally bad when considered narrowly, but offers reasons for why, when a broader set of information is taken into account, it is morally acceptable; an excuse on the other hand does not dispute that the act in question is morally bad, but rather offers reasons why the perpetrator should not be the object of moral condemnation even so.
outline them both, and give reasons for thinking that neither will generally be available to individuals contributing to corporate wrongdoing through their participation in corporate culture.

The first such justification appeals to coercion or effective threats to which organisation members are subjected. ‘Incentivisation’ works both ways – while bank employees, for example, may be rewarded for selling products in line with expectations, a failure to engage in such behaviour puts them at risk of losing their jobs and livelihoods. This, it is claimed, provides them with strong moral reasons to do what they are incentivised to do. Some considerations, however, speak against the thought that such a justification will be very widely available. If an individual has a lot at stake in their association with an organisation, we might ask how this state of affairs came about. In order to have so much to lose in the first place, an individual must have invested significant personal energy in an organisation with a morally defective culture, and must also be generating significant personal rewards from doing so. This does not so much excuse them continuing to participate in that organisation, but rather makes their current predicament even more morally problematic.

On the other hand, to be as charitable as possible, we may assume that the nature of the organisation and the culture to which he is committing himself only becomes apparent to an organisation member once he has invested significantly in that organisation. While it is now true that he faces very high costs if he chooses to cease participation in organisational practices entirely it is still legitimate to ask what is morally required of him given that it has become clear, or at least should have become clear, that he is violating prima facie moral obligations. At the very least, undertaking actions designed to improve practices and persuade other members that such changes should take place could be expected of him, while stopping short of anything that would jeopardise his job. In the absence of any such mitigating action, it is hard to sustain the claim that simply following existing morally objectionable practices is acceptable.

A second approach to justifying participation in a malign organisational culture takes a very different line. Business organisations, as with many other kinds of social group, are based upon authority structures. It is undesirable, according to this line of argument, for those occupying roles in such authority structures to question instructions that they receive to act in certain ways, even when they personally judge those instructions to be misguided, and even when they are correct in so judging. There is reason to override what Estlund has called ‘the primacy of private judgment’. Estlund makes an argument for overriding private judgment in this way in the context of justifying the actions of soldiers fighting in unjust wars; however, in order for an individual to be justified in simply

following authoritative commands in any given situation, very stringent conditions must be met.
Estlund sets out three such conditions: that the commands are issued in pursuit of a justified end by an epistemically reliable authority; that it is not obvious that the usually epistemically reliable authority has misfired in determining the facts of the case; and that the actions commanded are not obviously unjustified given what the facts of the case would normally allow. There is a lot to say on the different ways in which these conditions may be met. However, the cases of business organisations that I have discussed have been set up in such a way that at least the third condition cannot be generally allowed to hold. It is those individuals who are most intimately engaged in business practices that are, typically, best placed both to assess the values that those practices exemplify, and determine the standards against which they should be assessed. For example, the bank worker who meets potential clients every day understands better than anyone else that in order to do her job appropriately she must understand those clients' needs and meet them as best she can; equally, she is well aware that selling an a product such as PPI to a person who is self employed (and so could not claim on the policy) is entirely contrary to that person's needs. An appeal to authority cannot justify such activity any more than it could justify the actions of a soldier who deployed chemical weapons on enemy troops.

10. Conclusion

My argument in this paper has allowed the extension of moral responsibility for adverse culture and the outcomes that it occasions to all organisation members that participate in that culture. Organisation members at large often escape censure since, it is claimed, they did not link their actions to the prospect of generating the outcomes in question, and nor are they culpable for this failure. The framework outlined here provides a mechanism for linking such large scale organisational outputs with ethical failings in organisation members more generally: an organisation's culture has a practical impact on the outputs the organisation occasions, it may be held to external moral standards, and each individual member of the organisation who engages in a joint commitment to espouse the organisation’s values participates in creating that culture. Moreover, each member derives personal obligations from playing this role, the existence and content of which is well within their ability to discover. This account is also at odds with appeals to organisational culture as a way of excusing the behaviour of individuals – for example, Justin Welby's appeal to the idea that people are led to behave poorly through the influence of the culture of which
they are a part\textsuperscript{60}. While this collective influence should not be underestimated, I have argued that those individuals are themselves at least culpable for playing their part in contributing to that collective pressure in the first place.

This way of conceptualising the role that an organisation's culture plays in moral theory and in the apportionment of culpability for organisational outputs to individual organisation members fits well with intuitive judgments that we make about such situations. In recent times there has been much public frustration at the lack of public accountability that has been established for various high profile corporate scandals. At most, certain senior executives have been dragged before parliamentary committees, and some have lost their jobs. While there may be special culpability on their parts, the fact that they alone are singled out attracts charges of scapegoating. Rather, to the degree that employees of Enron partook in a culture where conflicts of interest and creative accounting were accepted, or BP employees accepted that profits were prioritised over safety, or employees of Barclays accepted that profits and bonuses could be generated at customer expense, then \textit{all} those employees may be held responsible for the adverse corporate outcomes that resulted.

This conclusion has significant practical implications. Take one example: the foregoing of bonus payments by senior executives of corporations that have been found to have engaged in morally inappropriate behaviour. In light of the LIBOR scandal and PPI mis-selling, amongst other issues, Barclays’ Chief Executive Antony Jenkins decided to waive the bonus payment for 2012 for which he was eligible, saying that ‘I think it only right that I bear an appropriate degree of accountability for those matters’\textsuperscript{61}. This action drew widespread approval as being appropriate in the circumstances\textsuperscript{62}. The argument that I have presented here would suggest that, to the extent that Jenkins’ penalty was deserved, similar penalties (appropriate scaled) should be applied to Barclays employees more generally. Such penalties would, in practical terms, include the foregoing of some elements of pay or benefits to which they would otherwise be entitled. It is certainly true that this conclusion will seem harsh, particularly to those who are found guilty of moral failings as a result. However, by playing a part in creating an organisational culture that pressured some into engaging in morally objectionable behaviour each of those individuals did do something wrong. There is a strong obligation on everyone involved with the kinds of organisation that I have described to question the values that


\textsuperscript{62} In light of this judgment we might ask whether such a sanction should have been imposed on Jenkins by way of a mechanism external to the organisation, rather than leaving it down to the conscience of the individual, but this is a further question.
that organisation espouses and to determine whether they meet the relevant moral standards. This is an obligation that has been systematically ignored in analysis of corporate ethics.