

Social Contracting in a Pluralist Process of Moral Sense Making: A Dialogic Twist on the ISCT

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ABSTRACT. This paper applies Wempe's (2005, *Business Ethics Quarterly* 15(1), 113–135) boundary conditions that define the external and internal logics for contractarian business ethics theory, as a system of argumentation for evaluating current or prospective institutional arrangements for arriving at the “good life,” based on the principles and practices of social justice. It does so by showing that a more dynamic, process-oriented, and pluralist ‘dialogic twist’ to Donaldson and Dunfee's (2003, ‘Social Contracts: *sic et non*’, in P. Heugens, H. van Oosterhout and J. Vromen (eds.), *The Social Institutions of Capitalism: Evolution and Design of Social Contracts* (Cheltenham, UK, Edward Elgar Publishing, Ltd.) pp. 109–126; 1999, *Ties that Bind: A Social Contracts Approach to Business Ethics* (Boston, MA, Harvard Business School Press); 1995, *Economics and Philosophy* 11(1), 85–112; 1994, *Academy of Management Review* 19(2), 252–284.) integrated social contracting theory (ISCT) of economic ethics will further develop this promising and influential approach to moral reasoning, ethical decision-making, and stakeholder governance. This evolutionary, interactive learning-based model of ethical norm generation via dialogic stakeholder engagement is particularly appropriate within economic communities that are experiencing value conflict and pressures for institutional change.

KEY WORDS: ISCT, discourse ethics, stakeholder dialogue, pluralist sense making processes

Wempe (2005) finds that contemporary applications of the social contract model to establish norms of corporate morality lack “domain specificity” with regard to the purpose driving their external logic, as well as “self-discipline” in the way proponents develop the internal logic of the model as a system of argumentation. He defines the external logic of contractarian business ethics (CBE) as being concerned with how the basic normative structure of society can be framed to achieve social justice for all. He argues that the focus of this largely hypothetical design exercise should be upon legitimizing the normative *status* of moral claims, rather than upon determining their *content*. It follows that the internal logic of CBE theory should be concerned with ensuring the normatively correct *process* for negotiating and enacting principles of social justice. Thus, Wempe concludes that *CBE models should be applied argumentatively to evaluate existing or potential institutions and activities, rather than authoritatively, to stipulate the content of moral norms.* (pp. 125–127). Wempe expresses the hope that, if his critique holds up under further scrutiny, he will have identified “conditions which any future contractarian theory of business ethics must meet” (2005, p. 113).

This paper will apply Wempe's boundary conditions that define the external and internal logics for CBE theory development. It will do so by attempting to show that a more dynamic, process-oriented, and pluralist “dialogic twist” to Donaldson and Dunfee's (1994, 1995, 1999, 2003) integrated social contracting theory (ISCT) of economic ethics will further develop this promising and influential approach to moral reasoning, ethical decision-making, and stakeholder governance, particularly within economic communities that are experiencing value conflict and pressures for institutional change.

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Reconsidering the external logic of the ISCT

The external logic of the ISCT is driven by the authors' desire to reconcile their two different approaches to CBE, thereby creating a "pluralist" ethical decision-making framework that combines universality of scope with practical application in locally nuanced business contexts. Donaldson (1982) brings to the table a deductive process, drawn primarily from the conceptual apparatus of Kant and Rawls, and more distantly from Plato, for deriving "thin" universally binding ethical "hypernorms" from hypothetical thought experiments. Dunfee (1991) brings an inductive/descriptive process for constructing a set of contextually "thick" microsocial norms to guide business best practice within the "moral free space" of particular economic communities. His approach has complex philosophical roots, traceable back through Hume and Hegel to Aristotle, and social science linkages to the methods of anthropology, history, social psychology, and sociology. Donaldson and Dunfee would reconcile these two approaches by requiring that microsocial norms that were authenticated by consent-driven processes in local communities be certified as "legitimate" and therefore morally binding only after they have been screened for compatibility with macrosocial hypernorms. In their co-authored book, *Ties that Bind: A Social Contracts Approach to Business Ethics*, they define hypernorms as "second-order preemptory standards." They are used to evaluate community norms and related behavioral practices and institutional arrangements (1999, p. 50). If two or more legitimate local norms come into conflict, Donaldson and Dunfee offer a set of deductively derived "priority rules" to sort out which community norm takes precedence under the macrosocial moral firmament (1999, pp. 175–191).

In their understandable desire to head off the destructive potential of "normative nihilism" or ethical relativism, one can find a clue as to why Donaldson and Dunfee are tempted to overreach the external logic of their pluralist norm-generating scheme by stipulating the content of ethical norms. This temptation is apparent in the way the hypothetical macrosocial contracting process is set out by the authors, as well as in their choice to prioritize *substantive* over *procedural* hypernorms within the process. They envision a macrosocial confluence of

"all of rational humanity capable of voluntary choice, afflicted with partial amnesia [of ignorance of their particular economic circumstances] gathering for a global congress to construct an agreement that would provide a fundamental framework for ethical behavior in economic activities." They exclude the possibility of total amnesia from this hypothetical convocation (qualifying the Rawlsian "veil of ignorance" device for eliminating partiality in judgment) because they do not want their contractors to be devoid of ethical content. Rather, the hypothetical contractors bring with them "settled understandings of deep moral principles" (2003, p. 112).

The question remains, where do these "settled understandings" come from? Apparently, they precede the hypothetical thought experiment designed to formulate hypernorms. Yet Donaldson and Dunfee do not resort to the classic social contracting assumption of Hobbes and Locke that principles on how political communities should be constituted can be deduced from a hypothetical "original position" in a state of nature. As currently developed, the ISCT is mute on the important question of the ultimate origins of ethical norms. The authors concede that the "*source of sources*" (emphasis in original) is left unspecified by the ISCT in its current state of development, but hold out the hope that a further refinement of the macrosocial contract argument may show how all moral norms are rooted in a social contract justification (1999, pp. 50–51). It would be ironic if further theory development is held up because the ISCT's authors are reluctant to expose a stipulated ethical content to the vagaries of a potentially nihilistic norm-generating procedure.

The temptation to stipulate ethical content is evident in the special "exogenous" status that Donaldson and Dunfee confer upon substantive hypernorms. They identify three types of hypernorms: *procedural*, *structural*, and *substantive*. Procedural hypernorms "specify the rights of exit and voice essential to support microsocial contractual consent" (1999, p. 51.) Structural hypernorms undergird political and social organization and are "instantiated in background political and legal institutions" (1999, p. 52). They include the right to own and transfer property, the right to fair treatment under the law, and the requirement of efficiency in ways in which productive resources are utilized to

benefit society. Such structural hypernorms are not controversial, though they are logically subordinate to more fundamental procedural or substantive hypernorms. Of the latter, which should take precedence? Donaldson and Dunfee confer a special status upon substantive hypernorms, which “specify fundamental conceptions of the right and the good.” They position structural and procedural norms as “specified or implicit within the macrosocial contract,” whereas substantive hypernorms “are to be found on the outside. They are, in effect, *exogenous*” (1999, p. 52). This argument has the practical (and intended) effect of side stepping hard epistemological questions about the origins and validity of foundational norms. While they subscribe to Walzer’s (1994) position of “moral minimalism,” where core ethical principles and rules appear in different guises and idioms at different times and places, there remains a presumption in the ISCT that substantive hypernorms are “in the air” of all human circumstances and, therefore, preemptively binding within all normative contexts. (See Donaldson and Dunfee, 1999, pp. 56–60).

It follows from the above framing of the ISCT that procedural hypernorms are necessary, but not sufficient, to determine normative outcomes. As noted above, Donaldson and Dunfee embrace procedural norms as necessary to guarantee the right of exit and voice to community members engaged in a microsocial contracting process for constructing and applying contextually “thick” local ethical norms. This procedural right is necessary because voluntary *consent* is required to authenticate the normative content of any outcome of a social contracting process. The right of members to exit from a community protects those who may disagree profoundly with an authentic, majority-supported norm from being compelled to comply with its strictures. The wide scope conferred upon implied consent within the ISCT suggests that Donaldson and Dunfee regard direct and explicit human engagement in the process of norm generation to be rife with the possibility of normative nihilism. Thus, they question the foundational presumption of Jurgen Habermas (1990) that “background rules of engagement [are] necessary to facilitate the free and open search for hypernorms.” They find that this presumption would enable only a “minimal morality ... too thin for the purpose of making hard choices in business.”

In themselves, such conversational rules would provide “no basis for establishing the principles of common humanity served by institutions of social justice and welfare.” Substantive hypernorms include universally agreed moral strictures to keep promises, respect human dignity, and deal fairly with others. Absent preemptive guidance from substantive hypernorms, Donaldson and Dunfee conclude that these conversational rules would leave us “close to normative nihilism. We [would] lack a rudder with which to steer” (1999, pp. 55–56).

To the extent that it taps into an exogenous source for substantive hypernorms as a way to stipulate (or steer) normative outcomes within the social contracting process, the current “external logic” of the ISCT, as per Wempe (2005), overly constrains the possibility of norm generation and evaluation within a system of argumentation. In its current state of development, the ISCT offers a rather static and incomplete perspective on the moral sense making process. A potential reframing of the external logic of the ISCT must await a reconsideration of the “internal logic” of the process by which ethical norms are generated and modified over time. This paper will extend the perspectives of Johnson-Cramer and Phillips (2004), Benhabib (1993, 1990), Calton and Payne (2003) and others to argue that the internal logic of the ISCT will be strengthened by adding a dialogic twist within a more dynamic process of moral sense making. This process would be particularly appropriate where pluralist conditions of value conflict and cognitive tension prompt a more adaptive, learning-based, interactive response to guide institutional change within a shared problem domain.

Reconsidering the internal logic of the ISCT

Charles Taylor finds, generally, that “the modern conception of reason is procedural” (1989, p. 168). Any theory of moral sense making that looks beyond exogenous sources of revealed truth necessarily must arise out of some kind of rational or cognitive process. Thus, any evaluation of the internal logic of the current ISCT, as well as any effort to advance the theory, must focus on matters of procedure and unfolding cognitive processes, at both microsocial and macrosocial levels of analysis.

At the microsocial level of analysis, Johnson-Cramer and Phillips (2004, p. 5) point to voice and exit as the primary drivers of change in community norms within the ISCT. However, they suggest that the ISCT's depiction of how these drivers work assumes a condition of punctuated disequilibrium between stages of stasis and conformity. Business decision-makers are offered an array of institutionally "thick" community norms at a given point in time without encouraging introspection about the (often contentious) process of institutional adjustments, driven by a dynamic learning process to address on-going normative tensions. Donaldson and Dunfee describe the voice process broadly to include implicit, as well as explicit, expressions of consent (or dissent) to community norms. They insist that authentication of community norms does not require an explicit voice vote; consent to norms is implied from the willingness of community members to abide by normative proxies of microsocial contracts, such as corporate credos or codes of ethics, without exercising their option to exit the community relationship. Thus, an unrestricted right of exit is taken as a sign of implied consent to non-coercive and, hence, authentic microsocial norms. However, Johnson-Cramer and Phillips (2004) note the strong bias toward conformity to a unitary norm within this consent-based process of authentication. The stark choice for the dissenting member or group is either to conform to the authenticated majority position or to exit from the community. This failure to sustain a relationship is essentially a failure of dialogic engagement. Easy acceptance of this failure is both practically and normatively troubling, particularly for an ostensibly "pluralist" theory of norm generation and change. Normative qualms are somewhat allayed if the change process replaces illegitimate with legitimate norms. Few care if the "bad guys" have to leave town! However, Johnson-Cramer and Phillips (2004, p. 7) argue, "in light of extensive moral free space, [the process of norm generation] is equally likely an evolution from legitimate to legitimate" norms.

Donaldson (1996) has characterized the normative context within which multinational business managers operate across cultural and developmental borders as one of "values in tension." A pluralist process of moral sense making should offer more room for on-going dialogic engagement between

the proponents of different conceptions of the right, rather than insist preemptively that majority rule, backed by exogenously derived substantive hyper-norms, must carry the day. Johnson-Cramer and Phillips attribute the ISCT's current preoccupation with specifying static outcomes from the social contracting process at the micro level to an "incomplete treatment of the nature of contracts" (2004, p. 8). The insights of Macneil (1985) and Williamson (1985) are most helpful on this point. They draw a distinction between "discrete" contracts, which are complete, and "relational" contracts, which are incomplete. Complete contracts fully specify the terms and conditions of a one-time transaction. Macneil uses the word "presentiation" or the verb "to presentiate" to explain the origin of the complete contract. All relevant future contingencies are *presentiated* in the terms of a discrete contract. No new learning is required to fulfill and enforce the contract. However, relational contracts are incomplete, in that the reciprocal obligations and expected outcomes of the cooperative relationship are underspecified and subject to on-going negotiation and further discovery. The governance of relational contracts in hierarchies tends toward efforts to minimize mistrust by focusing on the design of incentives and disincentives to bind managers to a narrow agent-principal relationship with shareholders (Jensen and Meckling, 1976). However, the governance of unfolding, incomplete relational contracts in networks tends to engage participants in a process of joint discovery to find common ground for building trust and enabling on-going cooperation. Thus, the process of social contracting in networks is more dynamic, open-ended, and pluralist than is the process of social contracting in hierarchies (Calton and Lad, 1995).

Johnson-Cramer and Phillips argue, in effect, that at the macro-level, Wempe's (2005) characterization of the internal logic of social contracting, *as a system of argumentation*, requires a rethinking of the hypothetical thought experiment. Reasonable macro contractors would have to "consider certain concerns arising from acknowledgment of the dynamics of contracting" (2004, p. 8). Among these concerns would be recognition of the need for one or more supplementary *procedural* hypernorms to guide the dynamic process of discovery, negotiation, and shared learning, at both macro and micro levels of

argumentation. They go on to propose Phillips' *principle of stakeholder fairness* as a macrosocial hyper-norm with strong procedural implications:

- Wherever persons or groups of persons voluntarily accept the benefits of a mutually beneficial scheme of co-operation requiring sacrifice or contribution on the parts of the participants and there exists the possibility of free-riding, obligations of fairness are created among the participants in the co-operative scheme in proportion to the benefits accepted (2003, p. 92). For Johnson-Cramer and Phillips, an important extension of this principle of stakeholder fairness, based on expectations of reciprocal regard and fair treatment in cooperative relationships, is a *principle of stakeholder discourse*:
- Particularly in times of conflict and transition, ISCT should require parties to the contract to create systems for the exercise of voice" (2004, p. 32).

When values are in tension within or between communities, a process of dialogic engagement to search for common ground is normatively preferable to the imposition of priority rules to sort out different claims of moral legitimacy. Boatright (2000, p. 459) has compared this exogenous process of prioritization and adjudication to the normative intervention of a "proverbial visitor from outer space." At the microsocial level of the firm, Donaldson and Dunfee state: "Where norms pertaining to stakeholder obligations are not firmly established in the relevant sociopolitical communities, organizations have substantial discretion in deciding how to respond to stakeholder claims and interests" (1999, p. 253). This reflects the conventional assumption of stakeholder *management* theory, that corporate executives enjoy substantial discretion over which groups have stakeholder (i.e., community membership) status and how those stakeholder relationships should be handled within a predominantly hierarchical structure. An alternative theory of stakeholder *engagement*, developed in Andrioff et al. (2002) and elsewhere, treats the firm more as a pluralist stakeholder network of contractors who have both shared and separate values and interests and which they jointly have to sort

out and coordinate within a system of joint governance.

Johnson-Cramer and Phillips (2004) arrive at the principle of stakeholder fairness, supported by a principle of stakeholder discourse, at the end of their important new consideration of the theoretical and practical implications of a more dynamic, process-oriented ISCT. This paper will extend their conclusion by further developing the internal logic of a dynamic, pluralist, dialogic process of shared moral sense making via stakeholder engagement.

Toward a more pluralist theory of moral sense making

Donaldson and Dunfee suggest that the ISCT is "pluralist" in three different ways: (1) It encompasses "many community interpretations of business ethics" at the micro level, as community members strive to make normative sense of particular contextual circumstances within their moral free space. (2) It accepts "many different kinds of moral theories," such as Kantianism, utilitarianism, and virtue ethics, on the grounds that "the truth of the ISCT [is] independent from the truth of any particular traditional ethical theory." In this sense, the ISCT provides an ecumenical sense-making framework within which other ethical theories can work. (3) Finally, the ISCT offers a potential bridge between theory and practice, connecting the descriptive realm of "is" with the normative realm of "ought" (1999, pp. 22–24). All of the above claims about the pluralist credentials of the ISCT are valid. The latter claim is most exciting and potentially most far-reaching, because it holds out the hope that we can approach a normatively defined "good life" within the "real world." This paper simply argues that the ISCT won't fulfill its potential until its framers overcome a nervous habit of stipulating ethical content when normative outcomes are in doubt. They do so, apparently, because they fear uncorking the genie's bottle of normative nihilism (or ethical relativism) that may lurk within a dynamic, pluralist process of moral sense making.

Donaldson and Dunfee define the relativist view as one that is "grounded in the assumption that a person or culture *believing* an act is morally correct, helps *make* it morally correct – or at least makes it

correct for *that* person or *that* culture” (1999, p. 20). They do not directly equate pluralism with relativism, but are concerned to keep the potential for ethical relativism from gaining traction within pluralist sense making processes. This paper argues that the internal logic of social contracting requires a *procedural*, rather than a substantive remedy for managing the threat of relativism within a system of pluralist argumentation.

Glynn et al. (2000) contrast the impulses of “organizing” and “pluralizing.” Whereas the former suggests an effort to “form into a coherent unity or functioning whole,” the latter recognizes that “there are more than one or more than two kinds of ultimate reality” (p. 726). As a strain of managerial thinking, organizing is most closely associated with the definition of the firm as a principal–agency contractual relationship, within which the manager as the agent of the ownership interest, has a primary fiduciary responsibility to serve shareholders by running the company as efficiently and profitably as possible (Jensen and Meckling, 1976). The “organizer” necessarily regards and treats non-owner stakeholders instrumentally as either means or obstacles to a unitary end. When non-owner stakeholders are taken as constituent members of a pluralist network, which encompasses a shared cooperative purpose as well as a jumble of distinct identities and (often competing) claims, the impulse to “pluralize” makes more sense.

O’Connell et al. (2005) capture the essence of pluralizing at the micro-level when they point to the growing role of stakeholder activism within “organizational fields.” DiMaggio and Powell (1983), as leading neo-institutional theorists, developed the concept of the organizational field. O’Connell et al. use the concept to describe the relationship between an organization and the broader society within which it is nested. The relevant insight, for our purposes, is that “*rationality is more properly viewed and evaluated as a property of an organization’s field than of the organization itself*” (2005, p. 93. *Emphasis added*). It follows from this that, within many organizational and inter-organizational relationships, the “unitary” rationality of economizing and profit-seeking operates simultaneously with a pluralist form of rationality that reflects the interactive cognition of multiple agents seeking common ground among diverse identities and value sets. O’Connell et al.,

use Max Weber’s distinction between “instrumental” and “value” rationality to, in effect, distinguish between unitary and pluralist cognitive processes. They go on to argue that institutional pressures of ‘isomorphism,’ driven by the need for managers to cope with the complex network or system problems prompting greater stakeholder activism, are already pressing corporate decision-makers to accommodate a pluralist cognitive process “at the level of the organizational field and entailing the participation of many social actors” (2005, p. 97). This paper will return later to the subject of emergent institutionalization of stakeholder activism when it considers current and potential applications of a pluralist theory of moral sense making under conditions of dynamic conflict and change.

Procedural conditions of pluralist moral sense making at the macro level

This reconsideration begins with a new look at the internal logic of the ISCT’s framing of macrosocial contracting as the deductive outgrowth of hypothetical thought experiments. We will draw primarily on the remarkable insights of the feminist neo-Aristotelian philosopher, Seyla Benhabib (1990, 1993), to explore a more pluralist framing of a hypothetical process of moral sense making at the macro level. This will enable us to build on Johnson-Cramer and Phillips’ (2004) principle of stakeholder discourse by incorporating the procedural “ideal speech” conditions of Jurgen Habermas (1992, 1990).

Benhabib (1993) questions the normative rigor of the “legislative” rationality of Kant and Rawls (and, by implication of Donaldson and Dunfee). She compares this unitary approach to rationality with the “interactive” rationality of Habermas’s (1990) approach to discourse ethics via a “theory of communicative action.” In particular, she questions the homogenizing assumptions behind Kant’s and Rawls’s framing of a thought experiment to arrive at universal ethical norms that would be agreed to in a hypothetical convocation of all “reasonable” persons. Kant’s “categorical imperative” (CI) procedure requires hypothetical legislators to test a moral maxim that could be universalized as a natural law by determining whether each affected person would

consent to it as being fair and just. The CI procedure does this by *homogenizing* the “reasonable” assumptions of supposedly autonomous moral agents. It requires each moral agent to apply the test of *reversibility* to his maxims (Benhabib, 1993, p. 339). By putting himself in the shoes of all who would be affected by his maxim, the agent/legislator becomes a “universal self” trying to build a moral relationship with “generalized others.” The Rawlsian (1971) device of the “veil of ignorance” only compounds the problem. This hypothetical assembly of “reasonable” persons must enact a moral order without knowing how their contractual arrangements will affect their own or others’ interests through the intervention of prejudice or passion (i.e., to be impartial rather than “partial”). Ironically, this ideal moral legislator must assume the guise of the selfless patriachs of such 1950s US television series as “Father Knows Best” and “Leave it to Beaver.” The stereotypical Beaver’s dad, Ward Cleaver, managed to demonstrate a remarkable, even mythic, capability as a universal moral legislator, neatly rising above the fray and sorting out tangled family affairs by the end of each week’s episode.

Donaldson and Dunfee’s qualification of this hypothetical macrosocial scenario within the ISCT does little to improve the picture. The ISCT allows contractors to arrive at the convocation with “partial amnesia,” lacking knowledge of their particular economic circumstances, but retaining “settled understandings of deep moral principles” (2003, p. 112). They retain a sense making procedure that empowers homogenized moral agents to stipulate ethical content via empathetic “reversibility” of perspectives with generalized others. Indeed, by treating these “settled understandings” as the exogenous normative building blocks of substantive macrosocial hypernorms, the ISCT renders even more problematic the procedural framework for legitimizing normative content within a system of argumentation.

Benhabib’s contrast of the “legislative rationality” of Kant and Rawls with the “interactive” (or pluralist) rationality of Jurgen Habermas is comparable to McNamee and Gergen’s (1999) distinction between subjective and inter-subjective agency. Kant and his neo-Kantian successors operate on the assumption that the autonomous reasoning self is capable of “subjective agency.” McNamee and

Gergen define this as “a capacity for internal deliberation and control of one’s actions” (1999, p. 6) – expressed in the role of the moral legislator acting alone but in parallel with other generalized selves to deduce the hypernorms that reflect a universal moral consensus. This may be contrasted with the procedure of “communicative action,” which would construct a universal moral order “inter-subjectively” from the hypothetical dialogic interactions of all selves and others brought together under the conditions of “ideal speech” within an unlimited, macrosocial community conversation. Thus, the primary difference between the Kant/Rawls and Habermas reasoning procedures within the hypothetical macrosocial thought experiment is that the former takes place *within* an autonomous self, replicated many times, and the latter takes place *among* all dialogically linked selves and others, each of whom retains the autonomous status of an agent capable of entering into voluntary contracts.

McNamee and Gergen (1999) offer the concept of “relational responsibility” to capture the dynamic intent of a pluralist norm-generating process unfolding interactively within a shared organizational field or problem domain. In contrast to the subjective agent who addresses an ethical dilemma by procedurally trying to come to an individual understanding writ large, inter-subjective agents jointly construct a shared sense of relational responsibility. This lays out how diverse members of the communication community can find common ground where they can realize their own ends without violating the rights of others. This relational learning process calls into play Phillip’s (2003) *principle of stakeholder fairness* and subsequent *principle of stakeholder discourse* (See above). Thus, McNamee and Gergen conclude that achieving such relational responsibility requires shifting the conversation “toward means of valuing, sustaining, and creating forms of relationship out of which common meanings – and thus moralities – can take wing” (1999, p. xi).

Benhabib restates Habermas’s ideal speech conditions as normative principles (i.e., procedural hypernorms) to guide the interactive conversational search for common understandings. These are:

- The *principle of universal moral respect* – the “requirement that we recognize the right of

all beings capable of speech and action to be participants in a moral conversation.”

- The *principle of egalitarian reciprocity* – that “within such conversations each has the same symmetrical rights to various speech acts, to initiate new topics, to ask for reflection about the presuppositions of the conversation, etc.” (Benhabib, 1990, p. 337).

Integrating micro and macro levels of the internal logic of a dynamic, pluralist ISCT

Habermas (1992, p. 163) rejects the possibility that his “ideal speech” conditions can be “concretized” within actual social settings. He offers them as parameters for ideal communicative circumstances that could provide a counterfactual demonstration of the limitations of actual human discourse. Benhabib’s (1990, pp. 334–346) critique of the utopianism of Habermas’ counterfactual dialogic reasoning procedure anticipates Donaldson and Dunfee’s (1999, p. 14) observation that a hypothetical macrosocial “view from nowhere” is too “thin” to provide practical ethical guidance within particular, problematic contexts. Indeed, Benhabib anticipates the ISCT when she proposes that actual conversations between particular selves and concrete others in limited conversation communities can supplement hypothetical conversations within unlimited communication communities (1993, pp. 30–31). She goes beyond the ISCT in arguing that the principles of universal moral respect and of equalitarian reciprocity are worth striving for in actual dialogic encounters as well as in hypothetical thought experiments. She is not prepared to accept any institutional limits on the right to engage in reflective discourse. Thus, she would not be receptive to Donaldson and Dunfee’s argument that consent to authentic microsocial norms can be implied by a failure to exit a relationship. Consider the quietly failed but formally extant marriage. Benhabib insists that a dialogic process must be in place and unimpaired before the failure to exit can have normative standing. It is “always the rationality of the procedure for attaining agreement which is of philosophical interest. *We must interpret consent not as an end-goal but as a process for the cooperative generation of truth or validity*” (emphasis added). (1990, p. 345).

Benhabib’s characterization of the procedural conditions necessary to gain consent to ethical norms at both macro and micro levels of interaction is consistent with Wempe’s (2005) “self-discipline” requirement for developing an internal logic of social contracting as a system of argumentation, capable of determining the authentic and legitimate status of ethical norms without simply stipulating their ethical content. At the same time, Benhabib suggests a way to accommodate Donaldson and Dunfee’s reluctance to accept stakeholder learning dialogue as the only way to authenticate microsocial norms. In their recent response to critics, they “offer ISCT as a theory quite compatible with stakeholder learning dialogues because we believe that such processes are a common way in which norms are created and modified.” However, they are “unwilling to go so far as to mandate the existence of such a process as a condition for finding the existence of an authentic norm” (2003, p. 119). Hence, their insistence that, given the wide variety of community circumstances within which moral free space is framed, microsocial norms “may evolve without any expression of words ever occurring” (1999, pp. 102–103). If we interpret their meaning as “*no words of explicit consent need be expressed to authenticate a community norm,*” then there is room for some measure of accommodation between static and dynamic versions of the ISCT. When community norms are stable and value consensus is broad, required evidence of explicit consent to microsocial contracts would be superfluous. Under conditions of value tension during a period of dynamic change, achievement of explicit consent might not be possible. Benhabib defines consent under these circumstances as continued acceptance of (or willingness to continue searching for) terms of dialogic engagement, rather than as the explicit endorsement by stakeholder voices of normative content. If stakeholder exit signals the failure of an incomplete relational contract, stakeholder engagement signals a willingness to continue trying to learn how to work together. This dynamic, unfolding form of implied consent is registered by the choice of stakeholders to remain engaged in interactive learning relationships within a shared organizational field. It is associated with the pluralist condition of cognitive tension over value conflicts and divergent perspectives about the causes of and solutions to a shared problem. This condition is consistent with the Johnson–Cramer and

Phillips principle of stakeholder discourse: “*Particularly in times of conflict and transition* (emphasis added), ISCT should require parties to the contract to create systems for the exercise of voice” (2004, p. 32).

Notwithstanding the power of Benhabib’s argument, Donaldson and Dunfee have a valid concern that a few “thin” macrosocial procedural principles of stakeholder discourse are insufficient to guide a community’s search for contextually “thick” microsocial norms that can be applied to sort out the situated perplexities of its moral free space, while meeting the tests of authenticity and legitimacy. In short, a dynamic extension of the ISCT must take seriously their concern about the potential for unleashing ethical relativism within an interactive learning process that tries to make common sense from a pluralist stew of contending interests and conflicting value perspectives. Still, the previous discussion suggests that the ISCT’s current, rather static and eclectic, epistemological framework is not quite up to the task of accommodating pluralist perspectives and pressures for dynamic change within an interactive learning-based process of norm generation, conceived and enacted as a dialogic system of argumentation.

Toward a “big picture” pluralist epistemology of ethical sense making

Donaldson and Dunfee (2003) concede that the ISCT “lacks a ‘big picture’ theory of morality.” However, they argue that “its design is adequate – at least for achieving its specified aims” of helping practicing managers reconcile the application of universal ethical principles with local community norms in their everyday business dealings. They warn that a more ambitious project would have to take sides in the “bloody intellectual battlefield over normative theory during the last two millennia...” (p. 124). Their argument has merit, so long as local ethical norms are relatively stable and business executives enjoy considerable discretion (based on their socially conferred mantle of legitimacy) in how they manage stakeholder relationships. However, the ISCT is less prepared to guide learning-based interactions between corporate managers and stakeholders under pluralist conditions of value conflict and institutional stresses to

accommodate pressure for change within a shared organizational field. Such pressures for change typically arise from shared “messes,” which Ackoff (1999, p. 13) defines as “complex systems of strongly interacting problems.” Members of a stakeholder network are connected by shared, interdependent problems and by a need to define and clarify “relational responsibilities” (McName and Gergen, 1999) that help them cope with the cognitive stresses of developing and sustaining relationships in a shared problem domain.

This paper will offer a tentative outline of a “big picture” theory of morality that could integrate contending normative theories, particularly the ISCT, into a dialogue-driven pluralist epistemology of ethical sense making. Calton and Payne (2003) adapt the Alvesson and Deetz (1996) meta-theory of representative practices, which builds on the earlier, well-known comparative epistemological framework of Burrell and Morgan (1979). Representative practices suggest different ways by which knowledge claims are expressed. The poles of this meta-theory range from *dissensus* to *consensus* on the vertical plane and from *local* to *global truths* on the horizontal plane, thereby defining four sense making quadrants (See Figure 1 below). Calton and Payne argue that these quadrants represent, “not only alternative ways of knowing, but also potential stages in a conversational journey that enables theorists and practitioners to engage and comprehend different social realities constructed by participants in a stakeholder network” (2003, p. 12). Commitment to stakeholder engagement in coping with messy problems requires a willingness to “visit (and revisit) all four quadrants of representational practice. This exploratory journey across sense making realms suggests a kind of conversational vortex or spiral within which multiple voices are expressed, multiple meanings are tested, and new meanings are forged” (2003, pp. 13–14). In effect, a more dynamic and pluralist version of the ISCT must expand its scope to encompass all four quadrants, rather than confine its cognitive action to the first two quadrants.

Quadrant I

Locating components of the ISCT within this matrix, we can see that Quadrant I encompasses

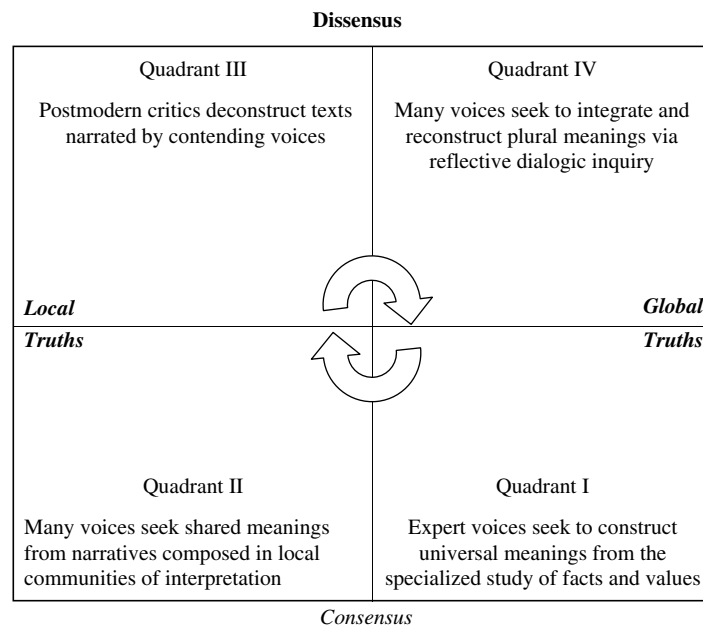


Figure 1. Toward a pluralist epistemology of moral sense making. Adapted from Alvesson and Deetz (1996, p. 196).

thought experiments that call for a hypothetical assembly of moral legislators to deduce macro-social hypernorms. Such hypernorms arise from a philosophical aspiration to achieve a rational consensus about the validity of universal moral claims. Within this quadrant, philosophers share sense making space with natural and social scientists. Both work in parallel, sorting facts and values into separate piles, so as to construct logically distinct foundations for making knowledge claims. Natural and social scientists work assiduously to isolate facts from the taint of values in a quest for “objectivity.” Philosophers defend the autonomous basis of normative value claims by denying the “naturalistic fallacy” inherent in efforts to prove “ought” with “is.” Swanson (1999, p. 506) has called attention to the “integration dilemma” encountered when social issues in management scholars try to validate empirically their claim that socially responsible firms can do well by doing good. Since competing definitions of the good arise from the pluralist values and aspirations of different stakeholder groups, the task of separating facts from values to arrive at a comprehensive measure of “good” performance is insoluble in purely empirical terms. It follows that the internal logics of scientific and philosophical knowledge claims do not allow a convergence of the normative realm of “ought” and

descriptive realm of “is” exclusively within Quadrant I.

Quadrant II

The ISCT seeks greater pluralist integration of facts and values by linking the sense making processes of Quadrants I and II. Donaldson and Dunfee concede that hypothetical thought experiments conducted in Quadrant I position normative guidance as a “view from nowhere” (1999, p. 14) that invites contextually thin “fixed pronouncements” upon ethical dilemmas facing business managers. From Quadrant II, Donaldson and Dunfee point to particular historical and cultural experiences as a situated contextual source of rich “local truths” to better define the moral free space of specific communities of inquiry. Such local truths are the “bundle of shared understandings” (1999, p. viii) that constitute the consent-based authentic community norms needed to govern community relationships. They arise from an epistemological assumption of the “social construction of reality” (Berger and Luckmann, 1967).

While reaching out for local sources of contextually “thick” microsocial community norms, the ISCT goes to great lengths to head off the threat of

normative nihilism posed by local sense making processes. This paper has followed Wempe (2005) in arguing that the current ISCT procedure for vetting local ethical norms is inconsistent with the internal logic of social contracting as a system of argumentation. The ISCT stipulates that substantive hypernorms appear in Quadrant I from ill-defined sources exogenous to the hypothetical thought experiment. It applies these substantive hypernorms to trump authentic local norms that are judged to be inconsistent with one or more of these preemptive second order standards. When legitimate local norms within or across local communities come into conflict, deductively derived priority rules are applied to determine normative precedence. The ISCT framework for sorting out local and global truths may work fairly well as a practical guide to managerial decision-making when normative consensus is strong. However, finding common sense within a rising pluralist cacophony of stakeholder voices demands a more dynamic and adaptive learning process. This is where Quadrants III and IV in Figure 1. come into play.

Quadrant III

Within Quadrant III, contending voices offer competing narratives that struggle to find traction on the hostile ground of a pervasive skepticism against all knowledge claims. It is easy to see why philosophers who find epistemological comfort in the universal moral verities of Quadrant I are reluctant to enter a place where all claims of universal truth are deconstructed as “totalizing meta-narratives” spun by a privileged clique of knowledge partisans. Walton’s (1993) scathing critique of the possibility of a “postmodern” ethics project is a case in point.

However, Gustafson (2000) has characterized the epistemological space defined by Quadrant III as the postmodern realm where “tough questions,” about competing “language games” are posed. These tough questions explore the paradoxical linkages and tensions between subjects and objects of research, between facts and values, and between power and knowledge (See Calton and Payne, 2003, pp. 21–22). By posing these questions, postmodern deconstructionists raise doubts that any “reasonable” person can be truly “objective” in her search for truth. The researcher necessarily alters the context of

the object of her research by the simple act of examining it. Facts are inseparable from the penumbra of values within which they are studied. Knowledge claims are inseparable from the power exercised by those who would impose meaning on others.

This “problem of incommensurability” in evaluating competing knowledge claims raises the specter of normative nihilism. This concern is valid, but it should be tempered by recognition that the exploratory search for meaning among competing claims requires a bracing *visit* to Quadrant III before moving on to the more integrative dialogic space of Quadrant IV. These discursive, exploratory visits to Quadrants III and IV are a procedural manifestation of Johnson-Cramer and Phillips’ principle of stakeholder discourse: “Particularly in times of conflict and transition, ISCT should require parties to the contract to create systems for the exercise of voice” (2004, p. 32).

Quadrant IV

The integrative promise of Quadrant IV for helping engaged stakeholders make sense and find common ground among contending pluralist knowledge claims rests on the rigorous and fair application of procedural hypernorms that guide community discourse. Benhabib articulated these “ideal speech” conditions as the *principle of universal moral respect* and the *principle of egalitarian reciprocity* (See above). It is reasonable to argue that these procedural hypernorms originate deductively in Quadrant I, even though they define the appropriate procedural parameters of dialogic space in all quadrants, and most particularly in Quadrant IV. This concession actually reinforces the insight that the four quadrants are not so much opposing platforms for launching knowledge claims as they are complementary stages in an exploratory sense making journey across pluralist cognitive terrain.

The theoretical case for interactive or inter-subjective cognitive processes as a way to cope with pluralist “messes,” was made above in Benhabib’s contrast between the internal logic of legislative vs interactive rationality and McNamee and Gergen’s contrast between “subjective” and “inter-subjective” agency as ways to arrive respectively at a

normative sense of individual or relational (i.e., joint) ethical responsibility. Rather than recapitulate this argument, it will be more useful to explore how the internal logic of a more dynamic and pluralist ISCT can explain and justify emerging applications of collective sense making processes.

Linking theory with emerging applications of collective sense making processes

A more dynamic and pluralist version of the ISCT is needed to help those caught up in a messy problem to better understand how they can build and sustain on-going, interdependent relationships within the shared problem domain. Thus, discovery of normative obligations associated with completing a discrete, one-time market transaction or maintaining a stable hierarchical relationship could be readily accomplished within Quadrants I or II. It is when things get messy that voices rise and purposes become crossed and confused. Under such circumstances, empowering organization managers or public officials to exercise their unilateral discretion to sort things out is asking for trouble. When caught up in a pluralist mess, no one wants to be told what she thinks or, even worse, what is a “good” or “fair” outcome for all involved. Everyone involved wants to figure (or fight) it out amongst themselves, preferably by moving toward common ground, rather than by taking and defending outposts within contested stakeholder terrain. Under conditions of value tension, competing interests and knowledge claims, and turbulent environmental pressures for institutional change, a collective voyage of discovery into Quadrants III and IV is in order. For purposes of illustration, our discussion will focus on changes in the normative expectations of organizational managers as their responsibilities grow to encompass new institutional linkages within an evolving web of stakeholder relationships that embody both cooperative and competing motivations.

A special challenge to applying the argumentative case for stakeholder engagement would be a company with a management team that had locked into an adversarial Quadrant III stance and refused to open its collective mind to alternative voices and values. Thus, a few years ago, Unocal managers

seriously considered moving their corporate headquarters to a South Pacific island to escape US regulatory pressures and stakeholder criticism of its human rights record arising from its alleged use of prison laborers for oil pipeline construction in partnership with the military dictatorship of Myanmar (Burma). If corporate managers adamantly insist they are “right” and their critics are “wrong,” this would seem to open the door to ethical relativism. However, a unilateral managerial assertion of moral rectitude, based on an instrumental rationale of doing whatever it takes to “get the job done,” does not readily translate into an assumption of the mantle of legitimacy. Legitimacy is conferred by social actors outside the firm, thereby giving corporate managers the discretionary space needed for the firm to function within a complex web of relationships and institutional arrangements. Absent this aura of legitimacy, and associated bonds of trust, relational contracts will rupture and the firm will not survive. Particularly when firms become enmeshed in messy problems, a refusal to enter Quadrant IV is a recipe for frustration and competitive decline. When the alternatives of unconstructive decline and constructive dialogue become more obvious, good conversations can acquire a certain appeal.

Here we can return to the O’Connell et al. (2005), study of the rise of stakeholder activism, which is forcing corporate managers to become more engaged in an interactive cognitive process that includes participants within the firm’s “organizational field.” This study highlights the role of “isomorphic” pressures that are prompting firms embedded in similar organizational fields to adopt institutional norms and processes for achieving similar outcomes (2005, p. 97). DiMaggio and Powell (1983) find three kinds of isomorphic pressure: normative, coercive, and mimetic. Normative isomorphism may arise from external professional consultants or from internal staff advisers (law, HR, accountants, etc.) who urge corporate executives to take more stakeholder concerns and voices into account in the decision-making process, via social and environmental audits, etc. Coercive isomorphism occurs when external stakeholders (regulators, consumers, social activist groups, etc.) press organizations to make structural and policy changes in response to their concerns within the organizational field. Mimetic isomorphism occurs when “me too”

firms imitate corporate innovators in the absence of direct normative or coercive pressures. Waddock (2006) points to the role or “leading corporate citizens” in promoting institutional change toward more consultative practices that enable stakeholder engagement.

Implicit in the working of these isomorphic pressures is the presumption that some form of stakeholder interaction and dialogue is taking place within the organizational field. O’Connor et al. argue that the recent proliferation of conversational exchanges between corporate executives and stakeholders do not merely reflect managers’ unilateral, intent to symbolically appease (and delude) stakeholders. Rather, they open a “rationalized route to importing external stakeholder concerns into the organizational decision-making process” (2005, p. 98).

Coercion by a government or even a very powerful coalition of stakeholders would seem to violate the condition of individual autonomy and consent as a necessary condition of voluntary contracting. This objection can be answered by noting that corporate managers’ willingness to open their corporate decision-making processes to a higher level of stakeholder engagement is often motivated by a desire to head off more objectionable direct governmental mandates and regulatory interference. Bargaining power is not a concept that is alien to the calculations of corporate decision-makers. Moreover, Campbell (2003) points out that the coercive threat of enforcement of the terms of an agreement by legal means is a necessary structural precondition of voluntary contracting. The same argument could be made for more extended forms of relational contracting. The Hobbesian state has its uses.

O’Connell et al. suggest that institutional conduits to stakeholder engagement and dialogue are emerging in the following forms:

- The emergence of internal subunits within the organization designed to improve voluntary or coercive regulatory compliance to stakeholder concerns, such as product safety or environmental quality,
- Legislated or voluntary participation by stakeholder representatives in a compliance oversight subunit,
- Legislated or negotiated access to information relevant to the compliance effort, and
- Direct stakeholder activism to hold corporations accountable to a wide range of social concerns, such as Third World sweatshop conditions or global warming (2005, pp. 99–101). Other conduits not mentioned by O’Connell et al. are:
- Formal board interlocks with key stakeholders, particularly when the firm is caught up in a particularly messy problem and
- Firm-stakeholder strategic alliances, such as “greening alliances” between manufacturing firms and environmental NGOs.

O’Connell et al. go on to note that in recent years corporations have become more actively engaged in complex multilateral negotiations with governments at all levels, as well as non-governmental organizations (NGOs) that represent various stakeholder interests and concerns. Such inter-organizational negotiations, often global in scope, typically focus the process of engagement on shared messy problems, where competing demands to promote economic development and technological innovation, sustain environmental quality, and protect human rights must be reconciled. Thus the messy problem within a shared organizational domain, rather than the instrumental focus on prioritizing competing organizational objectives, becomes the relevant frame for interactive talk and collective action. Much, if not all of this talk has focused on the development of voluntary international standards for corporate citizenship practice, supplemented by institutional mechanisms for engaging concerned civil society stakeholders (NGOs) in monitoring and evaluating corporate performance. Such performance is framed more broadly in terms of a “triple bottom line,” that includes measures of social and environmental, as well as financial performance.

It is beyond the scope of this paper to explore in detail the fascinating phenomenon of emerging interactive, system-level problem solving processes. Waddell’s (2005) new book on *Societal Learning and Change* has addressed this recent development with theoretical insight and a number of in-depth case studies. Waddell’s important study confirms Payne and Calton’s (2002) point that such large group interaction methods must pay closer attention to setting the conditions and developing norms and rules for guiding collective learning

processes. One of Waddell's case studies concerns the "Access Initiative" of the World Resources Institute and other civil society NGOs, working with governments to institutionalize a widely ratified United Nations accord to make stakeholder participation a primary ingredient in environmental decision-making. O'Connor et al. suggest the relevance to application of a more dynamic and pluralist ISCT theory when they note that the kinds of system-level negotiations mentioned above resemble "norm generating negotiation that occurs in long-term relationships" (2005, p. 103). The success of such negotiations requires the development of a sense of reciprocity based on a shared "relational trust," which arises from the joint discovery of a common ground where cooperation becomes possible. Sheppard and Sherman (1998) provide a dynamic dimension to the development of relational trust. In the context of "shallow interdependence," early in the relationship, they postulate the need for institutions that enable parties to "engage in active discovery through communication and research." As parties engaged in discovery come to know and trust each other more, they move into a context of "deep interdependence," where relational trust is "predicated on the assumption that the trustee has internalized the trustor's preferences and ways of viewing the world" (1998, p. 430).

Isaacs (1999) identifies this level of relational trust with the highest stage of dialogic inquiry. Such "generative discourse" can be achieved only after those engaged in dialogic learning realize that they will be able to reach common ground on how to define and cope with the shared messy problem. This requires that they abandon their old, fragmented, individual ways of talking, thinking, and acting, at least within the problem-centered container where dialogue is occurring. Generative discourse can create a "flow of meaning" that suggests cooperative ways to cope with messy problems. These new ways of thinking and acting tend to flow from an awareness of the "primacy of the whole." This expanded awareness of future possibilities tends to displace memories of past differences and to suggest new ways to define and explore relationships between "self" and "other" (See also Svendsen and Laberge, 2003).

Affective and cognitive outcomes of interactive learning, such as cooperation and trust, are dynamic and hence unstable. They will diminish or disappear if normative rules for sustaining relationships are violated by one or more parties to a negotiation. Fundamental ethical expectations of truth-telling, promise-keeping, fair-dealing, and respect for human dignity in managing relationships are no less relevant to dynamic, pluralist, and messy problems as they are to maintaining relatively stable, and consensual community interactions.

Donaldson and Dunfee portray the ISCT as a promising bridge for linking normative theory and business practice, encompassing the realms of "ought" and "is." However, those who attempt to apply this or any other normative theory must respect the *aspirational* quality and developmental intent of the behavioral norms, institutional structures, and interactive learning processes needed to move toward realization of a shared vision of the good life in the real world. Thus, a contractarian theory of business ethics does not require a purely descriptive vindication in examples of successful applications of the theory. Evidence of continued stakeholder engagement in aspirational efforts to find and build cooperative relationships on common ground, though blessed with mixed or partial success in the near term, should be sufficient to encourage further theory building and experimentation with action learning initiatives. In effect, such action learning initiatives give corporate managers and theory builders the opportunity to enact and test the proposition of Jones' (1995) instrumental stakeholder theory, that *if* managers act toward stakeholders in a manner calculated to build trust within the network, *then* cooperative interactions will generate benefits for all.

Benhabib captures the internal logic of social contracting as a system of argumentation when she insists that her version of discourse ethics has institutional implications, while denying that it is a "theory of institutions." Rather, discourse theory "develops a normative and critical criterion by which to judge existing institutional arrangements" (1993, p. 47). It offers a "critical yardstick by which to uncover the under-representation, the exclusion and silencing of *certain kinds* of interests. In other words, it is not so much the identification of the 'general interest' which is at stake, as the uncovering

of those partial interests which represent themselves as if they were general” (1993, p. 48). Refusing to accept the paradoxical choice between political realism and utopianism, Benhabib maintains that “communicative ethics may supply our minds with just the right dose of fantasy” needed to anticipate “non-violent strategies of conflict resolution as well as encourage cooperative and associative methods of problem solving” (1993, p. 49).

Conclusion

This paper has supported Wempe’s (2005) contention that a contractarian theory of business ethics should exercise “self discipline” in developing the internal logical of a cognitive process for argumentatively evaluating the normative status of institutions, practices, and values that are grounded in aspirations to realize the “good life” in the “real world.” The exercise of such self-discipline would support the external logic of a pluralist cognitive domain that is specific to a cooperative search for ways to negotiate and embed the principles and practices of social justice within multilateral stakeholder relationships.

Where does ISCT theory development and testing go from here? A limited number of empirical studies, such as that of Spicer et al. (2004) confirm that ISCT hypernorms and local norms can be applied by business managers to sort out their decision-making options at a given point in time. In the Spicer et al. study, US managers operating at home and in Russia responded to hypothetical scenarios similarly when they considered an ethical hypernorm to be morally binding. They responded differently within the two national contexts when local norms governing such questions as whether to bribe a public official were given normative precedence. However, it is worth noting that in Russia, even more so than in the US, community norms relating to business practice are in a state of flux. Structural hypernorms relating to the protection of private property, enforcement of the rule of law, and promotion of social efficiency are honored more in their breach, than in their execution. Procedural norms confirming the right to engage openly in community discourse are constrained by limits on freedom of the press and personal expression. Thus, descrip-

tive confirmation of the existence of local norms of business practice (however illegitimate) in Russia does not support the internal and external logic of the ISCT as a system of argumentation. A more self-disciplined and domain specific usage would be to promote a community dialogue, whether extant or hypothetical, local or global, over how Russian citizens can develop the normative institutional framework that would enable them to more closely approach the ideal of a good life. Future research should focus more on the study of (and scholarly and practitioner engagement in) longitudinal action learning efforts to shape and apply microsocial norms in community problem solving contexts. The work of Nielsen (1996), Svendsen and Laberge (2005), and Waddell (2005) are models in this regard.

As a practical matter, another important research agenda item must be a search to identify the trail markers that signal the need for corporate leaders to move beyond the unilateral exercise of discretion in applying ethical norms. When must they start engaging with other stakeholders in a circuitous and wordy excursion through Quadrants III and IV? This issue can certainly inspire a number of research projects that would be of great interest to busy executives and to anyone else concerned with preserving or improving the social efficiency of business practices. Useful clues could be found in the development and application of measures of different degrees of stakeholder activism. Rising stakeholder “noise” should indicate the need for a higher level of corporate engagement. Indicators within a “messiness index” could also serve as useful signposts. The more complex, interdependent, and intractable the problem that defines the organizational field, the greater the need for finding terms of engagement to guide the search for common ground.

While more longitudinal case studies of interactive problem solving processes are needed, along with empirical indicators of when and where the process can usefully be applied, it is important to retain a focus on the normatively defined procedures needed to generate fair, mutually agreeable outcomes from dynamic, pluralist learning processes. It follows that an account of the evolution of norms of justice in cooperative social relationships has to be more than a descriptive account of incremental adjustments in “as is” institutional arrangements within the “game of life” (Binmore, 1994). Von

Willigenburg (2003) criticizes the “deep relativism” of Binmore’s explanation and justification of the evolutionary process of norm generation. He does so on the grounds that this descriptive account lacks “reflectivity” in establishing the normative basis of moral claims. For von Willigenburg, (and by extension, the ISCT) the possibility of moral reflection arises primarily out of a Kantian and Rawlsian respect for the dignity of autonomous persons capable of exercising rational judgment and choice.

This paper, building on the insights of Benhabib and others, argues that, particularly under pluralist conditions of value conflict and dynamic pressures for institutional change, an interactive process of community discourse that engages autonomous selves and others would be more likely to unleash the full reflective potential of a social contracting theory of business ethics. When confronted by a pluralist mess, the ISCT needs a process of argumentation at both macro and micro levels that is grounded more firmly in procedures that define normatively valid terms of stakeholder engagement. Messy, interdependent problems call for collective, interactive learning processes that may look messy on the outside, but can make a world of sense to those on the inside. The exercise of managerial discretion at the margin is socially efficient when community norms are stable and their application is not highly controversial. When community norms are up in the air, good conversations are the best path to meaningful action and just outcomes.

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