What language games capabilities are required by members of boards to ensure effective governance and ethical decision making? : A study of the lived experience of a Greenpeace director from the perspective of the philosophy of Richard Rorty

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BSc, Dip Phil (Hons 1ˢᵗ class)

A thesis submitted in fulfilment of the
requirements for the degree of Masters of Research
(MRes): September 2017

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Abstract

This paper has been inspired by a series of events related to my directorship of Greenpeace Australia Pacific. The paper will explore the role of language games at a board level and will draw on Richard Rorty's notion of the role of re-description and irony in working across different language games. Organisations are composed of multiple language games. Whilst there has been much academic research on organisational language games, they have not been explored in detail at the board of directors level. There is also a moral dimension to director duties and the broader community will judge the behaviour of an organisation against a set of externally established language games. I have argued that, in a modern liberal democracy like Australia, directors need to accept that the organisations they direct are moral agents and the actions of these organisations need to be justified to all stakeholders impacted in terms that these stakeholders will accept. My claim is that to meet their responsibilities to stakeholders and the broader community, all directors on a board require first, a well-developed moral intuition with an appreciation of the moral perspectives of various stakeholders impacted by the actions of the organisation they direct. Second, directors need to understand the language games used by other relevant stakeholders and be able to re-describe justifications in ways that all stakeholders would understand and accept. I am using the anti-foundationalist philosophy of Richard Rorty because he recognises that individuals view the world through their personal final vocabularies. Rorty provides the tools to understand how to move between language games, and also, how organisations as moral agents can create new vocabularies that can pave the way for a better world. Rorty provides us with a framework within which to map out a set of language game competencies for members of boards.

Statement of Originality

This work has not been submitted for a higher degree to any other university or institute. To the best of my knowledge and belief, the dissertation contains no material previously published or written by another person, except where due reference is made in the dissertation itself. I also certify that the dissertation has been written by me. Any help that I have received in my research work and the preparation of the dissertation itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the dissertation.

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Section 1 - Introduction

This thesis has been inspired by a series of events related to my directorship of Greenpeace Australia Pacific (Greenpeace). As well as being a director of Greenpeace I am a professional facilitator of director governance programs and I regularly present to conferences and training sessions for directors. I was asked to be part of a panel discussion at a major conference on contemporary ethical dilemmas faced by directors. The aim of the session was to provoke a debate on ethical issues through developing various provocative scenarios. Whilst I considered I was acting as a facilitator, my presentation was considered by many, including the press and the regulator of charities in Australia, as a statement by a Greenpeace director. The claim was that I, as a Greenpeace director was endorsing illegal behaviour for a moral gain. The result was that the regulator began a detailed review of Greenpeace's operations. I was perplexed, embarrassed and publicly humiliated. I was caught between, what Wittgenstein called 'language games'. These language games are "complete in themselves, [they are] complete systems of human communication" (Wittgenstein, 1958, p. 81).

Directors have a responsibility to their various stakeholders for the governance of the organisations they direct. My experience highlighted that directors are confronted by many different language games, both in their organisations, but also from their various stakeholders. To properly meet their responsibilities, directors need to be able to move between these language games. Organisational language games have been explored by (Amernic, Craig, & Tourish, 2010; Greenhalgh, 2015; Koppl & Langlois, 2001; Marturano, Wood, & Gosling, 2010; Oswick, Keenoy, & Grant, 2000; Palazzo, 2007; Patelli & Pedrini, 2015; Rindova, Becerra, & Contardo, 2004) but they have not been explored in detail at the board of directors level.

This thesis will explore the capabilities required by directors to effectively govern an organisation and specifically on the role of language games and ethical decision making at a board level. I will draw on Richard Rorty's notion of the role of re description and irony in working across different language games. I am using the anti-foundationalist philosophy of Richard Rorty because he considers the self as a "centerless web of historical conditioned beliefs and desires" (Rorty, Voparil, & Bernstein, 2010, p. 254). The individual views the world through their personal vocabularies. Rorty claims that there is no final vocabulary that converges on the truth, all vocabularies are contingent. Rorty also describes his view of a better world and the role that organisations may play in taking a moral leadership position.

I argue that in a modern liberal democratic society such as Australia, directors need to consider that the organisation they direct is a moral agent and is required to not only meet its strict legal obligations, but also needs to be able to justify its actions to the various stakeholders impacted in terms that these stakeholders can reasonably accept. My claim is that to meet their responsibilities to their stakeholders' and the broader community, directors require first, a developed moral outlook that informs their decision making, and second; the ability to understand and interpret the various language games used across the organisation they direct and by their various external stakeholders. I present a range of capabilities and argue that all directors of a board require at least a minimal level of these capabilities. The capabilities I describe are in addition to the normally accepted technical and behavioural capabilities required of directors' dependent on the strategy of the organisation they direct.

This thesis is organised into the following sections:

Section 2 Autoethnographic Introduction – will describe in detail my experience at the conference and the consequences.

Section 3 Literature review – I will review the literature around the concept of language games in organisations. This literature review will illustrate that whilst there is

significant research on language games within organisations, there is little relevant to the boards of directors and the stakeholders of organisations.

Section 4 Rorty's pragmatism – I will discuss Richard Rorty's anti-foundationalist pragmatic philosophy in the context of boards of directors. Rorty's philosophy will be outlined in terms of conceptions of the self, liberal democracies, justice and the role of language games, ironism and redescription.

Section 5 Director responsibilities, the moral dimension – I will first outline director legal responsibilities and second, provide a detailed discussion regarding the motivation for the director to be moral

Section 6 Director capabilities – based on the discussion on directors legal and moral responsibilities and Rorty's philosophy, I will propose a set of the capabilities required by directors specifically related to the need to move between language games and the motivation for the organisation to be moral.

Section 7 - Application of capabilities to personal experience – I will apply the proposed capabilities to my experience at the director conference.

Section 2 - Autoethnographic introduction: raising the question of the thesis in the context of practice[1]

I am an active participant in the director community in Australian. As well as being a director I am also a director trainer. I facilitate courses offered by the Australian Institute of Company Directors (AICD). AICD is a professional association of directors with around 40,000 members. I have been the director of several Australian subsidiaries of major US and Australian businesses and am currently a director of the Actuaries Institute, Greenpeace Australia Pacific (Greenpeace) and a research start-up business.

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[1] This thesis is part of a larger project that will lead to a PhD. The use of an autoethnographic approach will be substantively justified as part of the PhD.

I was asked to speak on a panel at the AICD's annual seminar in Melbourne. The session titled 'ethical decision-making in the boardroom' had a panel of four speakers, myself, a leadership specialist, the CEO of the Ethics Centre[2] and a whistle-blower who had recently published a book on his experiences with a major bank. The brief for the panel was to enable a discussion on the impact of business ethics and values on organisational culture and performance and how high-performance board's approach challenging ethical discussions. There were 200 attendees, many of whom were experienced directors. The session was facilitated by an experienced and high-profile journalist. My working assumption was that the session was run under Chatham House rules, in effect was closed to the media. The Chatham House rule is often invoked in AICD discussion forums to enable open and free ranging debates on what are potentially confidential issues.

There was a good healthy debate and significant moral contemporary dilemmas for directors, including many which were currently in the press. Towards the end of the 1 ½ hour session I was asked about my experiences as a Greenpeace director. I had only recently joined the Greenpeace board and was very passionate about Greenpeace and my role. Interestingly, I was warned when I joined the Greenpeace board that it would negatively impact my prospects of joining other corporate boards. The observation was made that Greenpeace, as an activist organisation, challenged some of the core tenets of being a director, in particular, that directors of activist organisations were somehow extremist themselves and did not have the character that fitted them for the corporate world. I was fully aware of the risk to my career prospects as a director but I had already had extensive experience on company boards and was partly disillusioned about my role as a company Director. It wasn't that I doubted the legitimacy of directors or the importance of their role but that my personality wasn't suited to being a director of a large corporation.

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[2] The Ethics Centre is a high profile independent not-for-profit Australian organisation that aims to help people navigate the complexity and uncertainty of difficult ethical issues. They were established in 1991.

The opportunity to join the Greenpeace board came out of a training program a ran for them. I was impressed by the quality of the board and the senior management team and was passionate about the environment. After completing their training, I became heavily involved in ongoing board training and coaching the CEO. A few directors were leaving the board and it was suggested that I join. I felt that joining the Greenpeace board would enable me to leverage my governance and commercial skills for a cause I was passionate about.

Being an experienced director and a director trainer, I am very aware of the roles and responsibilities of directors and the importance of having a clear boundary between the board and the management team. I was surprised however on joining the Greenpeace board at the importance of clarifying responsibilities. In corporate boards, generally, the barrier between board and management tends to become blurred. High performing organisations with a high level of trust between the board and management can afford a level of ambiguity. Being a director of an activist board revealed the importance of clear protocols and delegations between the board and the management team. Amongst other things, activist organisations often have staff who want to be in harm's way. Directors therefore need to ensure that there are robust protocols which determine the skills and experience of staff who can be involved in various activities. Directors also need to meet their legal obligations to the various statutory authorities and the community's expectations more widely considered.

On being asked about my Greenpeace experience at the conference I discussed my observations on the role of the directors of an activist organisation vs more traditional businesses. First, I made it clear that I was not speaking for Greenpeace. I indicated that directors of activist organisations need to be aware that some of the actions of these organisations will be contentious and will come under intense scrutiny from, amongst others, Governments, regulators, and big business. In Australia, Greenpeace has charitable tax status and contributors are eligible for tax deductions. Greenpeace directors therefore have additional responsibilities to protect this tax preferred status.

The gist of my comments at the conference were that the directors of activist organisations walk a fine line between meeting the needs of their stakeholders who are interested in achieving the moral objectives of the organisation versus the responsibility the organisation has to the community generally, particularly to comply with the law.

It turned out that there was a journalist in the room. A week after the conference I received a call from the CEO of Greenpeace. He indicated that an article had appeared headed "When Charities Need to Break the Law" which was written off the back of the comments that I had made at the conference. He also mentioned that Greenpeace had received a letter from the Australian Charities and Not-for-profits Commission (ACNC)[3]. The ACNC were responding to a complaint received and noted in the correspondence that I was "suggesting that the charity engaged in the illegal activity as a form of advocacy". The ACNC asked for an explanation from Greenpeace and a justification as to why we should maintain our tax-exempt status. The letter from the ACNC was a serious matter for Greenpeace. Greenpeace's charitable status enables the organisation to make more effective use of contributions. Losing charitable status could also lead us to lose our tax-deductible status which will significantly reduce our ability to raise funds.

The letter from the ACNC required Greenpeace to mobilise lawyers and advise Greenpeace International. We had to brief the local board and I was interviewed extensively by the lawyers. I was so ashamed that it took me a few days to even face up to the article and read it. Similarly, to see me referred to in an official letter from the regulator challenged my identity and I felt like crawling under a rock for a year. I had to recall the comments made and provide a detailed analysis. I went from being a skilled trainer of directors to being a rank amateur caught in the headlights. My enthusiasm had been misinterpreted. I felt that my privacy had been invaded.

I was mortified to receive the call from the CEO. To see my words in black and white interpreted in a way of me endorsing illegal behaviour as a director was humiliating and

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[3] The ACNC is the regulator of charities in Australia. They have the power to grant and revoke charitable status.

embarrassing. My great enthusiasm for Greenpeace turned into an existential threat to their operations in Australia. The worst thing of all was that the quotes were overall correct and the gist of the article was in line with my comments, but I was caught between what Wittgenstien called 'language games'. These language games are "complete in themselves, [they are] complete systems of human communication" (Wittgenstein, 1958, p. 81).

 I am a director, a facilitator and a researcher. My dominant state however is as a facilitator. Part of the reason I was on the panel was because of my ability to develop demanding moral dilemmas for directors to resolve. The quotes attributed to me were made in the context of a facilitator and building a scenario around dilemmas directors may face making moral decision versus a legal decision. I was posing the question for discussion about whether directors could act illegally for a moral gain. I wasn't posing this question directly as a director of Greenpeace but as a facilitator to provoke a debate. The caption on the screen at the conference however showed me as a Greenpeace director. Whilst my introduction made it clear that I held several directorships and other roles it is reasonable that people in the audience take what I say as a Greenpeace director.

I offered to resign from the board of Greenpeace. The Chair of Greenpeace considered this resignation may be required to appease the regulator. The Chair was very understanding, although I can imagine that she was personally frustrated about my naivete. She made it clear to me that being on the board of an activist organisation is somewhat different to being on a corporate board.

During the two weeks the lawyers took to prepare our response to the ACNC I had a number of discussions with the Chair and the company secretary. They picked up on the fact that I was having a torrid time and regularly checked in with me to make sure everything was all right. I was happy with the letter that was submitted by the Chair of Greenpeace to the ACNC.

The article on my comments was published by a small specialised media organisation. There was a concern that the mainstream press would pick up on my comments. I couldn't face reading any media for at least a week after the original article. I also did not read any of the media clipping services I receive as part of my various directorships. I was hoping that if I didn't read any media then it wouldn't come up. There was complete denial on my part. Every time I thought about the conference, the media or Greenpeace I got a surge of adrenalin.

My mistake in the conference session was that whilst I was talking hypothetically about director moral responsibility I had inadvertently become the news. I was the news because the journalist, the person that made the complaint to the regulator, and ultimately the regulator took my comments as being those of a director. The session was well rated and I had good personal feedback, which indicates that I didn't cross a line of acceptable behaviour. It appears as though the complaint was a result of the press article rather than directly from one of the attendees. What I said was being interpreted as coming from the boardroom rather than from the training room.

During the period leading up to the Chair of Greenpeace officially responding to the regulator I had not had any discussions with any other of the Greenpeace directors. Shortly after the letter was sent to the regulator, the Greenpeace board met to sign off on the financial accounts. As part of the signoff the board had to form a view about the extent to which the financial statements should highlight my actions and the extent to which Greenpeace's financial status may be impacted going forward. The auditor was present for part of this discussion. This discussion was humiliating for me and clearly a distraction for the board. It seemed like a very unnecessary distraction for a strong group of directors.

The boardroom can be a very clinical environment and a long way from the front line of the business. It struck me that an important issue for directors is gaining 'situational awareness', that is, awareness of what is actually going on in the business, with stakeholders and the community generally. Directors receive packs of reports which

have been through various filters and receive presentations from people skilled in presenting a point of view to the board. I am not suggesting that boards are purposely mislead, rather that the environment in the board room and the language games played can be very different from the actual and perceived situation outside of the boardroom. My experience in being caught between language games illustrates the need for directors to be able to understand the context of the language games being used. Situational awareness is not discovered by reflection but created by actual exposure to the various facets of the organisation.

There are many questions raised by my experience. Directors are required to take responsibility for the actions of the organisation that they direct. But how can this be effectively done in the detached environment of the boardroom? Moreover, directors have a responsibility to the stakeholders as well as to the community at large. Any organisation, not just activist organisations, constantly face moral dilemmas. Directors need to balance the needs of the various stakeholders versus the needs of society generally. Ultimately the actions of the organisations will be measured by the society and their social license to provide whatever services or products they do can be removed if the organisation is seen to be acting in a way that the community considers is unacceptable. Further, measures of acceptability do change over time. What was once considered acceptable may now be considered unacceptable.

Section 3 - Literature review.

Introduction

An important objective of this thesis is to develop an understanding of the language games capabilities required by members of boards to ensure effective governance and ethical decision making. Organisational language games have been explored by (Amernic et al., 2010; Greenhalgh, 2015; Koppl & Langlois, 2001, p. 671; Marturano et al., 2010; Oswick et al., 2000; Palazzo, 2007; Patelli & Pedrini, 2015; Rindova et al., 2004) but they have not been explored in detail at the governance levels.

The following will review some of the research into language games within and between organisations. This section will first show that organisational discourse facilitates decision making and forms how individuals interpret and describe their world. Koppl builds on the idea of discourse by adopting the Wittgensteinian idea of language games and describes how complex organisations are modular with each module having a specialised function with its own associated language game. Koppl argues that a challenge for an organisation is to develop a method for sharing information across modules (Koppl & Langlois, 2001).

Palazzo identifies the importance of language games in an organisation's ethical decision making (Palazzo, 2007). He shows that language games can result in good people making bad organisational decisions. Research by Amernic and Patelli describe how the language games played in organisations are decided primarily by the leadership of the organisation (Amernic et al., 2010). The 'tone from the top' determines the nature of the language games within an organisation.

This section also reviews two case studies to illustrate the power of language games in practice. The first case study investigates the circumstances behind the London School of Economics (LSE) awarding a position and ultimately a PhD to Saif Gaddafi, son of the then ruler of Libya, Colonel Muammar Gaddafi. The second case study illustrates how language games can alter the behaviour of an industry in the case of the so called 'cola wars'.

Language games

Oswick et al investigate the complexities of organisational processes and decision making. Whilst organisations have formal decision making processes and structures, Oswick recognises that understanding these structures and processes does not explain complexity in organisational decision making. Oswick identifies that "[t]he study of discourses is emerging as one of the primary means of analysing complex organisational phenomena and engagement with dynamic and often illusive, features of organising". (Oswick et al., 2000, p. 1115). Oswick argues that discourse in an organisation creates

the cohesive reality for how employees socialise within their organisation. Discourse here is taken to be all forms of oral and written communication that forms part of how humans interact with their organisation. "Seen in this light, organisational discourse identifies ways in which a variety of discursive practices can contribute to the processes or organising and the behaviour of organisational stakeholders" (Oswick et al., 2000, p. 1116).

To Oswick, the development of organisational discourse flows from the ideas developed by Foucault, Habermas and other contemporary social theorists. Discourse identifies power dynamics, namely "our understanding of the material world is inescapably mediated by the discourse(s) we employ" (Oswick et al., 2000, p. 1117). The central proposition, and one that I will develop through the lens of Richard Rorty, is that discourse practices and content establish how individuals interpret and describe their world. The organisation is simply a subset of the individual's world and hence the discourse practices that individuals are exposed to include those presented by the organisations that they interact with.

Koppl et al delves into the organisation itself to reveal that the discourse practices of the organisation not only evolve over time and can vary across the organisation. Rather than using the term 'discourse' Koppl adopts, as will I, Wittgenstein's concept of 'language game' "[a] language game is a set of rules about how to talk, think, and act in different situations." (Koppl & Langlois, 2001, p. 288). Further, "[t]he language game is the set of rules governing action and reaction" (Koppl & Langlois, 2001, p. 289). Oswick above recognised that the language games give the individual a way of interpreting and describing the operational practices of an organisation. Koppl is more descriptive than Oswick, about the impact of language games by claiming that they provide definitive rules about what can and can't happen, what can and can't be said and what can and can't be thought (Koppl & Langlois, 2001, p. 290).

Koppl recognises that large organisations are complex and, to be successful, require specialised skilled employees. He claims that "[l]arge firms are modular systems, and so

is the larger social system, including the division of labor" (Koppl & Langlois, 2001, p. 287). Complexity is needed in a large organisation recognising that there are various functions requiring different sub skills. Given that the language games embed the rules for action, a complex modular organisation would necessitate different language games within each of the modules. "Notice that bureaucratization implies the division of knowledge, which in turn means a progressive differentiation of the agent-practice of individuals" (Koppl & Langlois, 2001, p. 300).

New small organisations can often survive with the language game of the founder, as they grow in complexity however, the success of the organisation will depend on its ability to develop specialist language games throughout the organisation to handle the complexities required in each of the modules (Koppl & Langlois, 2001, p. 289). Successful large organisations need to both evolve specialist language games within each module and develop interfaces between language games to ensure that the relevant information moves between the various specialist modules. Koppl argues that "the coordination of knowledge within a firm does not require that all agents share a common mental model or interpretation of the world. Indeed, coordination is sometimes kept by persistent differences of interpretation. Coordination without agreement becomes more important as firms grow. With growth, formal internal governance structures supplant charismatic authority. Using principles of modular design analogous to, but different in detail from those of the market, the growing firm is able to profit from the wide variety of language games its members play" (Koppl & Langlois, 2001, p. 288).

The existence of multiple language games requires a level of consistency of aims across the organisation. I will discuss the glue that holds the language games together when I discuss the idea of the 'tone from the top' (Amernic et al., 2010).

The status of any language game is therefore in a state of flux. As the organisation grows, the environment in which the organisation operates and other external and internal changes will lead to an evolution of the various language games. Koppl claims

that the evolution of language games can be considered as like the process of natural selection. He claims that "[n]atural selection has three parts, variation, selection, and retention" (Koppl & Langlois, 2001, p. 293). As mentioned, I will develop a Rortian view of language games below which is consistent with Koppl's evolutionary hypothesis.

The modulation in larger organisations implies that information is divided between various modules. To illustrate, a large organisation needs a human resources function, a finance department and customer facing modules. Each of these would be expected to have different language games that facilitate the operations within the modules. To illustrate, the language of the finance department will be mathematical/finance focused compared to the human resources department which will be human focused. The interface between these modules will allow enough information to pass between them but will not be fully transparent. Employees in each of these modules need to recognise the existence of the other modules but will live most comfortably in their own language games.

Palazzo identifies the importance of language games in the ethical decision making of an organisation because, he claims, language embeds how people perceive the context in which they operate (Palazzo, 2007, p. 114). Palazzo investigates the question of organisational integrity. He is interested in understanding the link between the individual and their ethical quality versus the decisions that are made by the organisation. Palazzo argues that the ethical quality of a decision made by an organisation is not simply a collections of the view of individuals. The organisation embeds individuals in a context that has a design, i.e. decision making structures and procedures. Individuals however have their perception of the context.

Palazzo claims that organisations develop an environment for working which can be independent of the people in the organisation. Sometimes illegal or unethical behaviour is the result of a bad apple, but good people also may not see the moral dimension of their behaviour. So why can good people do bad things? Palazzo believes that the language used by the organisation can influence behaviour. Language used can

undermine an individual's moral imagination and lead to the apparent schizophrenic behaviour, namely that an individual may behave differently inside versus outside an organisation (Palazzo, 2007, p. 115). The cola wars case study discussed below shows how adopting the language of war lead to people adopting more aggressive actions than if war metaphors were not used.

Palazzo claims that "[o]rganizational integrity goes beyond managerial integrity and is more than the presence of individuals with good characters within the organization" (Palazzo, 2007, p. 113). The difference between the individual making decisions and the organisational integrity is an important one. Palazzo is making a distinction between the moral responsibilities of the individual vs the organisation. To put it simply, an organisation full of 'good' people may still do 'bad' things. I will discuss the question of organisational morality in Section 5, the issue here is that an organisation is not simply the sum of its individuals, the organisation has a character of its own. "Organizational integrity refers to the ethical integrity of the individual actors, the ethical quality of their interaction as well as that of the dominating norms, activities, decision making procedures and results within a given organization" (Palazzo, 2007, p. 113).

Palazzo investigates the moral development of individuals and recognises that individuals learn what is right and wrong primarily from the cues they get from their societal context (Palazzo, 2007, p. 115). Individuals go through various levels of moral maturity, preconventional, conventional and post conventional (Palazzo, 2007, p. 114). They first learn to respond directly to external cues, they then start to understand broad societal rules of moral behaviour and ultimately can think autonomously about their moral identities (Palazzo, 2007, p. 115). Importantly however, even individuals in the post conventional state are still open to pressure from those around them, particularly in the organisational context where punishments and rewards can be immediate and strong. Palazzo argues that the behaviour of individuals in an organisation can be explained by the language used in organisations. Palazzo supports the claims made by Oswick and Koppl that "[l]anguage games deliver a platform for the optimized

processing of routine communication and routine problem-solving within a specific context" (Palazzo, 2007, p. 116). Further "the richness of corporate language games strongly influences corporate reactions to moral demands or value conflicts in stakeholder networks" (Palazzo, 2007, p. 116). Palazzo is linking the language used within organisations to individual behaviour and why some individuals may behave differently than they would outside of the organisational context "[a]nalyzing the language used by managers within corporations might help to understand this seemingly schizophrenic behavior, because the world perception and sense-making filters of an individual actor are revealed in the language he or she uses" (Palazzo, 2007, p. 115).

Palazzo also recognises that organisational ethical decision making is not only influenced by the languages used by individuals, but by actual organisational design, leadership, and governance issues. In particular, "[a] weak governance context can be regarded as a key driver for illegal and unethical behavior. In weak governance contexts, corporations are sometimes involved in violating employee human rights, murder of union representatives, money laundering, manipulation of financial statements, pollution, corruption or illegally dumping toxic waste in third world countries" (Palazzo, 2007, p. 121). Even organisational compliance structures can encourage unethical behaviour "[a] merely legal interpretation of ethics and responsibility often leads to systematic exploitation of the existing legal vacuum on the global playing field, prompting even immoral or illegal behaviors if the perceived risk is low" (Palazzo, 2007, p. 124). So, for Palazzo it isn't just language that drives behaviour, it is the whole ecosystem of the organisation "[i]ndeed, the successful management of organizational ethics depends on a suitable balance between the empowerment of the individual actors, the design of a context that promotes ethical behavior and the institutionalization of control systems" (Palazzo, 2007, p. 124). The following will develop the idea that there is a strong link between language, leadership, and governance. Particularly that governance processes can be undermined by the language games played by organisations.

Amernic et al investigated the communications that CEO's send to shareholders of publicly listed companies. An objective of Amernic's analysis was to develop a link between the language used at the top of the organisation and its culture. "One persistent metaphor used to explain tone at the top is that 'tone at the top is a setting', within which people work in an organisation. Thus, tone at the top is conceived to be an atmosphere, a climate, or a culture"(Amernic et al., 2010, p. 7). The claim is that an organisation is steered by a network of cues from the leadership team, these cues direct the functioning of the organisation. Measuring culture "requires the exploration of language, artefacts and the observable behaviours and rituals of organisational members"(Amernic et al., 2010, p. 12). Whilst governance policy influences the culture, corporate language embeds behaviour and culture and the language is influenced most by the language from the top of the organisation.

A paper by Patelli and Pedrini , identifies that whilst governance practices are important "[a]ccording to a growing number of studies within the literature on leadership, not only governance structures but also corporate language embeds fundamental elements of tone at the top"(Patelli & Pedrini, 2015, p. 5). Patelli's discussion confirms what Palazzo, pointed to, namely that directors cannot rely solely on strict governance procedures to protect the organisation from setting a poor tone from the top. Governance procedures may be hiding important cues that the directors need to carry out their duties.

The following are two case studies, the first illustrates the breakdown of governance at the London School of Economics between 2002–2011 and highlights how language games can impede on what may appear to be proper governance practices. The second analyses the way so called 'war' language can influence the behaviour of a whole industry segment.

Case studies

Greenhalgh investigated the circumstances around the admission of Saif Gaddafi to the London School of Economics (LSE). Saif Gaddafi was admitted as a student to the prestigious LSE in 2002 even though, according to the heads of three relevant

departments, he did not meet the criteria for admission. It was also felt that he was given significantly more assistance than other equivalent students. There was also concern that a large donation made to the LSE at the time he was credited with his PhD came in part from bribes made to the Libyan Government.

In 2011 Lord Woolf was appointed to lead an inquiry into the LSE-Libya affair. Greenhalgh drew her conclusions from the findings set out in the Woolf Report (Woolf, 2011).

Gaddafi was admitted as a student to the LSE when some academics, notably those in the three departments to which he had originally applied, considered that he did not meet the criteria for admittance. Greenhalgh claims that whilst the governance structures at the university appeared robust, it was the language games played by the academic staff that lead to Gaddafi being admitted. The LSE's governance structures were complex and Gaddafi's case was unusual which meant that "language games framing, .. suggests that it matters less what form the structures of governance take than the extent to which they allow effective deliberation on the numerous contradictions and paradoxes that make up their day-to-day work" (Greenhalgh, 2015, p. 193).

Greenhalgh identified that "[t]he language games that were clear in this researcher's interpretation of the report are many and varied …. It was also apparent that these games (played by staff, students, governors, corporate partners and others) overlapped with, and variously reinforced or conflicted with, one another" (Greenhalgh, 2015, p. 204). Further it was clear that there were significantly different language games played by individuals. The changes in language games were primarily dictated by the specific roles that the individual was speaking from. The observation here is that there was ambiguity in roles and, as it turned out, competing agendas between individuals.

A contentious issue was the granting of a gift to the LSE from the Gaddafi foundation. Greenhalgh highlights that the language games played were designed specifically to distract the Council (of the LSE). It appears as "much effort appears to have been put

into the game of distracting Council: not just by DH but also (Lord Woolf suggests) by the LSE's Director" (Greenhalgh, 2015, p. 206). Greenhalgh observes that it was difficult for Lord Woolf to draw any substantive conclusions about corruption within the LSE, but it was clear that the "ethical issues are much subtler. They relate, mostly, to the judgements that academics and other staff needed to make, on a local and contingent basis, between the multiple, conflicting language games that their organisational role required them to play" (Greenhalgh, 2015, p. 207).

In part, the strict application of governance standards and the restriction of freedom to speak lead to a governance failure. Greenhalgh argues that "widely used institutional and structural theories of governance are necessary but not sufficient to explain how governance works and why it fails" and "those charged with governing universities should maximise opportunities for individuals and groups to deliberate on, and 'muddle through'" (Greenhalgh, 2015, p. 193).

The LSE case study illustrates that setting the 'tone from the top' requires more than strong governance procedures. Ultimately it is the language games in the organisation that will determine outcomes "by showing how tensions and paradoxes are enacted at micro level in the form of (multiple and conflicting) language games as individuals 'do' governance (sitting on committees, sending emails, engaging in professional practices)" (Greenhalgh, 2015, p. 210). These language games can justify actions which may be against the underlying objectives of the organisation. In effect, people can be manipulated more by language games played vs the more formalised structures practices and procedures in place to protect the organisations integrity. Directors need to be aware of the various language games that can be played in their organisation and develop practices that ensure the opportunity for open debate.

Discussion to this point has focused on language games within the context of an organisation. Language games also arise across organisations and can set an industry competitive environment. Directors of organisations need to be aware of the impact that their 'tone' can have on stakeholders other than those working for their

organisation. Rindova et al analysed the language used by Coca Cola and Pepsi in the 1980's. At that time, Coca-Cola and Pepsi were in a high-profile public competitive conflict with each other dubbed 'the cola wars'. A competitive war was one where there was "extreme, cutthroat competition that result[ed] primarily from the structural characteristics of industries" (Rindova et al., 2004, p. 672). In particular, the industry had low growth, oversupply, standardised products, high fixed costs and large competitors with similar market power. The claim is that competitive wars were different to normal intense competition because of the adoption of a war language game. "The war language game defines the competitive reality inside, and between, rival firms in war-related terms" (Rindova et al., 2004, p. 673). Rindova claims that the organisations created a language game that lead "organizational members and external stakeholders to experience competitive activities as a war in more real ways than non-participants in the language game would" (Rindova et al., 2004, p. 674). Rindova claims that Coca Cola and Pepsi developed the war language games because "competitive wars are better understood as a language game manifested in intensified competitive activity" (Rindova et al., 2004, p. 681). Labelling that competitive situation as a war "legitimizes, focuses, and builds up the aggressive behavior that characterizes competitive wars" (Rindova et al., 2004, p. 681). In effect, adopting the language of war enabled employees to justify more aggressive actions against their rivals than they may have if war metaphors were not used. The war language game changed how the organisations justified their actions and positioned themselves with their competitors and the broader stakeholder group. "In a language game words provide a practical guide for action, rather than images, associations, and representations, from which meanings are to be made" (Rindova et al., 2004, p. 671). Rindova "stresses the power of language to create reality and [it] alerts managers that they may find their organizations operating in contexts different from those initially intended" (Rindova et al., 2004, p. 683).

The 'war' words used carried with them the references that enabled the intensity of the competition to be multiplied. To illustrate, using war terminology may lead to employees being more likely to follow orders or take actions that would not be

expected in normal course of events (Rindova et al., 2004, p. 674). As with the LSE case study described above, the language game adopted by an organisation dictated behaviour that would not necessarily be prescribed as part of the formal organisation's operations.

Section 4 - Rorty's pragmatism

This thesis is considering directors and the organisations they direct as operating in liberal democratic societies. The literature review has shown that organisations develop their own language games and that the behaviour of individuals working within these organisations is influenced by these language games. Based on the philosophy of Richard Rorty, this Section provides the foundations for understanding liberalism, morality, justice, the self and language games. Rorty describes a figure called the 'liberal ironist'. This figure is Rorty's exemplary liberal citizen who accepts the contingency of their language, beliefs, and desires. My claim is that some of the characteristics of the liberal ironist provide useful insights into the characteristics of the virtuous director.

Rorty is being examined in this thesis because of his contemporary critique of foundationalism in liberalism which includes his claim that there are no moral absolutes, that there is no universal vocabulary and that justice is loyalty to a wider group. Rorty's assertion is that democracy is no more than an experiment in cooperation and humans are mere creatures adapting to their local world (Rorty et al., 2010, p. 258). Rorty further claims that there is no basis for assuming that there is a comprehensive philosophy that binds the individual to the community. Language is completely contingent and the language games that people play define the world they see. Different language games therefore determine what is true and particularly what is right and wrong. Language games close the individual off from some worlds and open others. Importantly Rorty provides a powerful perspective for enabling dialogue between language games and redescription enabling the development of new vocabularies. Rorty is not a relativist because he considers that all cultures should hope for a better world where moral progress is measured by a reduction in human suffering.

Adopting Rorty's interpretation of the self, the role of language games and the idea of morality in a modern liberal democracy provides interesting insights into the role of directors and the capabilities they require to properly execute their role. This section will first discuss Rorty and his development of the pragmatic method. I will then discuss Rorty's idea of the 'self' and the self's interpretation of the world. This section will conclude with a discussion on liberal citizenship, moral debates, moral imagination, and the liberal ironist.

The pragmatic method

The pragmatic method was advanced by, amongst others, William James. James notes, "[h]e [i.e. the pragmatist] turns away from abstraction and insufficiency, from verbal solutions, from bad a-priori reasons, from fixed principles, closed systems, and pretended absolutes and origins. He turns towards concreteness and adequacy, towards facts, towards action and toward power" (James, 1907, p. 28). James claimed that it is not possible to develop the 'truth' using a priori reasoning alone and that the 'truth' can only be arrived at by observing actual experience and converting these to statements that accurately reflect those experiences as they appear to us. The pragmatist's mantra is to establish what is needed for action. Pragmatists are therefore concerned about developing a method to assess truth that has practical consequences and to turn away from generalisations and 'empty' metaphysical discussions.

Rorty looks to pragmatism to revolutionise philosophical thinking after its metaphysical mode. He does not want to deal with abstractions; he is a philosopher of action. He wants a positive vision of philosophy and his aim is to develop a post metaphysical philosophy (Rorty, 1964, p. 377). He attacks representationalism by claiming that the mind is not the "mirror of nature" (Rorty, 1964, p. 12) and he thinks of philosophy as a response to texts and believes that there is nothing left of the foundationalist project[4].

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[4] By foundationalism and the foundationalist project, I am referring to the philosophical view that all knowledge can ultimately be traced back to a privileged set of propositions that require no further justification. In a religious context, these privileged principles could be accessible through holy text and spiritual leaders. In mathematics, there may be fundamental principles of

In his view philosophy is a 'language game' and metaphysical problems can be reinterpreted as issues to do with language rather than experience. He sees philosophical epistemology as dead and, in fact epistemology as just a subset of psychology (Rorty, 1964, p. 211). Whilst he is a rationalist and is a supporter of empirical justification he does not believe that logic, science, or mathematics contain any deep philosophical insights into the human condition. He rejects scientism[5] in philosophy because he considers scientism as too limiting because it falsely assumes a foundation for knowledge. He claims that the foundations assumed by science are unfounded and are constantly revisable.

Contrary to classical philosophers such as Kant or Plato, Rorty is a sentimentalist and considers that emotion facilitates decisions on what are proper moral acts i.e. what one ought to do. He claims that people are moved more by stories of other humans than they are by rational argument (Rorty et al., 2010, p. 358). Whilst Plato distrusted the sophists because they intended to persuade people to a way of thinking independent of the 'Truth'[6], Rorty would argue that there is no 'Truth' and that people will tend to act based on their emotions and it is rhetorical argument that is superior to rational argument. He claims that there is nothing beneath "socialization or prior to history which is definitory of the human" (Rorty, 1989, p. loc 93). He acknowledges that some of the major developments in culture, both good and bad, have been influenced by charismatic leaders such as Nelson Mandela, Mahatma Gandhi, Martin Luther King Jr, Hitler and Stalin. Rorty's claim is that people are primarily motivated into action for emotional rather than rational reasons. Rorty accepts that whilst people may be motivated into action for emotional reasons they are still accountable to their fellow humans for their actions. Rorty does support argument but needs to extend argument

logic and in physics; there may be theories about fundamental particles. In its more 'relaxed' form, foundationalism may be a form of fallibilism where it simply relies upon agreement amongst all reasonable people.

[5] Scientism in this context is the view that everything, including the human condition, is ultimately explainable by science

[6] By 'Truth' here, I am referring to truth defined by the correspondence theory of truth. In effect, a truth statement or belief corresponds to an actual state of affairs.

beyond the rational since his project is to extend philosophical argument to make it more attractive to thinking people everywhere.

The Self

Rorty argues that it is not necessary to develop a comprehensive view of the self, unlike, say, political perfectionists or the religious who need a view of the self that "meshes in complex ways with complex models of such things as 'nature' or 'history'" (Rorty et al., 2010, p. 255). "Freud thus helps us take seriously the possibility that there is no central faculty, no central self, called 'reason' – and thus to take Nietzschean pragmatism and perspectivalism seriously" (Rorty, 1989, p. loc 790). Rorty adopts the conception of the individual human as a "centerless web of historical conditioned beliefs and desires" (Rorty et al., 2010, p. 254).

Rorty notes that the benefit of such a conception of the self is that there is no natural order of justifications or predestined outline for arguments to trace and that all disagreements are just matters to be "sorted out in the course of attaining reflective equilibrium" (Rorty et al., 2010, p. 255). "The vocabulary of self-creation is necessarily private. The vocabulary of justice is necessarily public" (Rorty, 1989, p. loc 111). Individuals do not have a full-blown moral conception other than what they understand from their culture through their vocabularies. Given the importance of emotion in decision making Rorty requires that society be organised to allow for undistorted communication. In particular "we shall call 'true' or 'good' whatever is the outcome of free discussion ... if we take care of political freedom, truth and goodness will take care of themselves" (Rorty, 1989, p. loc 1879). He claims that we can "substitute Freedom for Truth as the goal of thinking and of social process" (Rorty, 1989, p. loc 97).

Language

Rorty and other so-called neo-pragmatists such as Quine and Davidson adapted classical pragmatism by "dropping the topic of experience and picking up that of language" (Rorty, 1999, p. 24). These neo-pragmatists claim truth and justification are terms we

use in discursive practices and are embedded in the community in the way we use a shared language. Rorty argues that only claims that have a practical value can be considered as true. There is therefore no knowledge of truth in advance of justification. The pragmatic claim is that the idea of an 'absolute' is an illusion created by the way we use our language. Discussions about the truths and falsehoods of claims are fundamentally linked to how we use the grammar and vocabulary of language. Sentences are therefore considered as being linked to other sentences rather than having a specific connection with the world (Rorty, 1964, p. 372). "It became possible to juggle several descriptions of the same event without asking which one was right – to see re-description as a tool rather than a claim to have discovered essence" (Rorty, 1989, p. loc 913).

As discussed above, Rorty claims that philosophy is a language game. Whilst the world may be 'out there', our "descriptions of the world are not" (Rorty, 1989, p. loc 207). In effect only descriptions of the world can be true or false and any thought that truth is 'out there' with the world "is a legacy of an age in which the world was seen as the creation of a being that had a language of his own" (Rorty, 1989, p. loc 209). An important consequence of Rorty's pragmatism is therefore recognising that whole vocabularies are contingent and cannot describe the world completely. In effect there is no underlying natural vocabulary, only those vocabularies built by human communities: "languages are made rather than found" (Rorty, 1989, p. loc 249). For Rorty, a person's 'final vocabulary' are those sets of words "which they employ to justify their actions, their beliefs, and their lives" (Rorty, 1989, p. loc 1653). Vocabularies determine who 'we' are and therefore determine who 'they' are. For Rorty, a person's vocabulary sits at the core of their interpretation of the world and others in it. A person's vocabulary is their 'tool' to understand the world (Rorty, 1989, p. loc 337). This tool provides a foundation for an individual's world but is constantly revisable in the context of their human community. "For us ironists, nothing can serve as a criticism of a final vocabulary save another such vocabulary; there is no answer to a re-description save a re-re-description" (Rorty, 1989, p. loc 1806).

Liberalism and the liberal ironist

I will now draw together Rorty's pragmatism and his view of justice to develop his idea of liberalism and hence the setting within which organisations operate and need to justify their actions. In developing his idea of liberalism Rorty develops the idea of the exemplar good liberal citizen, the liberal ironist. Understanding Rorty's conception of liberalism informs the debate on the role of the organisation and the liberal ironist provides some useful insights into the capabilities required by directors of organisations that need to operate in a liberal democracy such as Australia.

Rorty's pragmatist conception of liberalism emerges out of his view that philosophy needs to have a moral and political agenda and pragmatism, for him, is a philosophy of hope. "If there is anything distinctive about pragmatism it is that it substitutes the notion of the better human future for the notions of 'reality', 'reason' and 'nature'" (Rorty et al., 2010, p. 418). He denies foundational arguments for liberalism and claims "liberal democracy can get along without philosophical presuppositions" (Rorty et al., 2010, p. 242). Rorty's view of a liberal utopia is to have enough shared between each individual's final vocabulary that enables humans to recognise similarities between people. He recognises that human solidarity emerges not through "inquiry but by imagination, the imaginative ability to see strange people as fellow sufferers" (Rorty, 1989, p. loc 144). He claims that solidarity is not achieved through reasoned argument or reflection but through the process of socialisation and understanding other people's life stories. Humans need to have an emotional response to other people, i.e. to understand their pain, suffering, humiliation and joys. Human solidarity is therefore strengthened by seeing other humans as the same as each other. He sees that "the novel, the movie, and the TV program have .. replaced the sermon and the treatise as the principle vehicles of moral change and progress" (Rorty, 1989, p. loc 153). He also recognises the aim of a modern liberal society is simply to provide the conditions to strengthen solidarity.

Rorty relies on solidarity to provide the glue that holds liberal societies together i.e. without solidarity there would be no basis for a moral order. He is not claiming the desire for solidarity is a natural feature of humans. In fact, he would argue that we must reject the view that humans, by their nature, desire to create emotional links with all other humans especially strangers. Rather he requires that solidarity be recognised as embedded in our history because "we want something which stands beyond history and institutions" (Rorty, 1989, p. loc 4297). Human solidarity grows from the sharing of a vocabulary and the identification with other people's lives. He recognises that our sense of solidarity is "strongest when those with whom solidarity is expressed are thought of as 'one of us' where the 'us' is more local than the human race" (Rorty, 1989, p. loc 4329). Whilst it is rational to view all humans as a member of the same species and therefore deserving of equal respect, he argues that reason alone will not suffice, as people will only feel solidarity for other humans if they can identify with their experiences and emotions. Importantly he says "that there is such a thing as moral progress, and that this progress is indeed in the direction of greater human solidarity" (Rorty, 1989, p. loc 4352).

Rorty develops his idea of the exemplar liberal citizen, the liberal ironist. The liberal ironist has two dimensions, the moral and the ironic. The moral dimension provides the motivation for the exemplar, namely "liberals are the people who think that cruelty is the worst thing we do" (Rorty, 1989, p. loc 121). "I shall define an 'ironist' as someone who fulfills three conditions: (I) She has radical and continuing doubts about the final vocabulary she currently uses, because she has been impressed by other vocabularies, vocabularies taken as final by people or books she has encountered; (2) she realizes that argument phrased in her present vocabulary can neither underwrite nor dissolve these doubts; (3) insofar as she philosophizes about her situation, she does not think that her vocabulary is closer to reality than others, that it is in touch with a power not herself" (Rorty, 1989, p. loc 1662). The liberal ironist measures the utility of moral decisions by the extent to which they reduce human suffering and humiliation rather than being guided by an ahistoric measure of moral correctness.

The liberal ironist accepts that there may be no rational answers to moral dilemmas such as "when may one favour a family member .. over other randomly chosen human beings?" (Rorty, 1989, p. loc 132) moreover, that whilst cultural norms may provide answers to moral dilemmas these answers are constantly revisable. He argues that society will only achieve the liberal utopia if liberal ironism is universalised. This is a bold claim for it implies that those "non intellectuals [who] are still committed to some form of religious faith or .. to enlightenment rationalism" (Rorty, 1989, p. loc 138), are holding back moral progress. Rorty would consider that anyone who has a final vocabulary that is non-revisable is anti-ironic. To illustrate the point he claims that common-sense is the opposite of irony because it is employed by people who pay no respect to the views of others who may be using a different vocabulary (Rorty, 1989, p. loc 1674).

The counter argument though is that the ironist is not a liberal because they are denying that there is a 'self' that universally desires that human cruelty should be diminished. The anti-ironist would argue that there needs to be a universalised aspect of the self that provides the buttress for a moral position. The ironist would be considered by many in a liberal democracy with suspicion because "[t]he ironist tells them that the language they speak is up for grabs by her and her kind. There is something potentially very cruel about that claim. For the best way to cause people long-lasting pain is to humiliate them by making the things that seemed most important to them look futile, obsolete, and powerless" (Rorty, 1989, p. loc 1988). I will avoid a detailed rebuttal of the anti-ironist claims but note that arguing against the ironist requires a commitment to an ahistoric truth that also has no universal acceptance. To illustrate, a devout Christian arguing about morality with a humanist will get nowhere because of a fundamental difference in the underlying belief system. The Christian is unlikely to have the vocabulary to convince the humanist that moral decisions are as judged by God rather than their fellow humans. The ironist will accept the validity of the arguments within the various vocabularies and will attempt to redescribe, "[t]he ironist's preferred form of argument is dialectical in the sense that she takes the unit of persuasion to be a vocabulary rather

than a proposition" (Rorty, 1989, p. loc 1764). The ironists objective is not to argue the logic of a proposition in the old vocabularies but to redescribe the situation by using old words and concepts in new ways or using new concepts and words with the aim to change the old vocabularies.

Justice and Morality

Rorty develops his idea of justice as an extension of the idea of loyalty by challenging the idea that there is a difference between loyalty to our near and dear and justice for all (Rorty et al., 2010, p. 433). In effect the question of justice is not a question of a difference between loyalty and justice but "between loyalties to smaller groups and loyalties to larger groups"(Rorty et al., 2010, p. 434). His view is in opposition to say a Kantian who would argue that loyalty is an outworking of sentiment and justice is an outworking of reason. Rorty claims that justice is no more reasoned than loyalty (Rorty et al., 2010, p. 435). Rorty recognises that morality is not so much an obligation to others but "reciprocal trust amongst a close knit group such as a family or clan" (Rorty et al., 2010, p. 436). Obligations only emerge when there is a clash in loyalties between a smaller group and a larger group. Rorty recognises that people generally show more loyalty to those people they have a sentimental link to and hence would argue that moral dilemmas are simply conflicts between loyalties to different groups rather than a conflict between reason and sentiment (Rorty et al., 2010, p. 434).

He emphasises that, on moral issues, people are moved by emotion rather than reason and that the heroes of a liberal democracy are the "poet and the utopian revolutionary" (Rorty et al., 2010, p. 254) who use emotion laden rhetoric. It is out of the emotional connections created through solidarity that he develops a conception of justice based on loyalty and sentiment rather than reason. He claims that justice is simply loyalty to a wider group and that moral dilemmas emerge from clashes between loyalties to different groups.

On the basis that loyalty and justice have the same source, namely sentiment, then there are important implications for the process by which a community agrees on moral

and legal principles and hence how organisations are expected to behave. Rorty would expect that views of the good life would need to be explicitly canvassed in a public debate on morals and that the mechanisms of the state including the workings of the free press and other intellectual commentary needs to facilitate the strengthening of solidarity to enable productive discussions and hence moral progress. As Rorty claims, when it comes down to it, the key issue is establishing how "to coexist without violence" (Rorty et al., 2010, p. 442). He goes on to explain, "[w]hat matters for pragmatists is devising ways of diminishing human suffering and increasing human equality" (Rorty, 1999, p. xxix). He would argue that reducing suffering should be a human goal not because it is written in the stars or dictated by a supernatural force, or even because it can be arrived at by reason or enlightenment rationality but because of our sentimental attachment to other humans (Rorty, 1999, p. xxix). Firm moral principles are really only "abbreviations of past practices - (a) way of summing up the habits of the ancestors we most admire" (Rorty, 1999, p. xxix). Rorty observes that we should not be looking for firm moral principles or rational arguments to justify what we think of as right and wrong. He claims that there is no answer to the question "what are we supposed to be like?"(Rorty, 1999, p. xxx).

Rorty makes the claim that moral progress is towards a better world where human well-being is improved, people are happier and there is less humiliation and suffering (Rorty, 1989, p. loc 127). Rorty's anti-foundationalism also entails that there can be no universalisable criteria to assess moral progress. It is also reasonable to accept that the terms used by Rorty such as 'better world', 'happiness', 'well-being', 'humiliation' and 'less suffering' are incommensurable concepts that potentially overlap in some circumstances but they are not synonyms for each other. It is possible, for example, that, in some circumstances, people may be happier if they are less free, or they may have increased well-being but maybe more humiliated in the process. Further, moral progress need not be indicative of happiness, well-being or reduced humiliation for everyone. The non-commensurability of Rorty's various indicators of moral progress emerge from the fact that it is not possible to break down any of the concepts such as

happiness, well-being and humiliation into common components and then to measure these. In effect, there is recognition that the richness of humanity cannot be measured against a scale but needs to be debated in the public arena and public reason can ultimately provide the necessarily medium for agreeing relative weights for various aspects of moral progress.

Rorty claims that moral progress is facilitated when an individual's moral identity is contributed in large part by their participation in a democratic society, i.e. they will have a democratic identity (Rorty, 1999, p. 238). In effect, the more people have in common, the more likely they are to feel loyalty to each other. It seems reasonable that moral progress will be enabled when the society is populated by reasonable liberal democrats who identify with their own unique societal cultures but are committed to achieving a just society by setting aside "religious and ethnic identities in favour of an image of them as part of a great human adventure" (Rorty, 1999, p. 239). Effectively, increasing solidarity facilitates moral progress (Rorty, 1999, p. 81). Solidarity here refers specifically to the increasing sensitivity and hence increasing responsiveness that people have to the needs of others. Solidarity emerges out of people understanding, at an emotional level, the lives of others. It would follow therefore that a criterion for establishing moral progress would be an assessment on the extent to which an organisations' action or a proposed change to a norm or law or may lead to an increase in solidarity "[t]here is moral progress, and that progress is indeed in the direction of greater human solidarity" (Rorty, 1989, p. loc 4352). The greater the increase in solidarity the more likely it is to lead to moral progress. Importantly however, moral progress can only be assessed against what has been rather than some idealistic hope, "I do not think of progress as a matter of getting close to something that is already 'out there,' but rather as a matter of looking back at the past and realizing that we are better informed and more imaginative than our ancestors" (Rorty, 2006b, p. 410).

In the next section, I will provide an overview of director responsibilities and some justification for organisations to be moral.

Section 5 - Director responsibilities, the moral dimension.

Directors of organisations are expected to take responsibility for the values and culture of the organisations they direct. The perceived wisdom is that the tone/culture of the organisation starts from the top. " 'tone at the top is a setting', within which people work in an organisation. Thus, tone at the top is conceived to be an atmosphere, a climate, or a culture" (Amernic et al., 2010, p. 7). Directors have a direct influence over the culture of an organisation and hence need to take responsibility for the actions of organisations. "An inherent presumption is that a healthy organisational culture is a plausible antidote to widespread corruption within an organisation" (Amernic et al., 2010, p. 11) . The latest Australian Securities Exchange Commission guidelines on corporate governance principles state that "[a]cting ethically and responsibly goes well beyond mere compliance with legal obligations" (ASX Corporate Governance Council, 2014, p. 19). Director training programs such as that offered by the Australian Institute of Company Directors (AICD) claim that the 'ethical realm' that directors operate within lies between what the law allows and what will achieve the highest ethical trust and confidence (Australian Institute of Company Directors, 2016, p. 57).

The board of directors has the legal responsibility for the proper management of the organisation. There has been detailed research theorising about the role of the director. Aguilera, for example claims that "[b]oards of directors are one of the centrepieces of corporate governance reform. In effect, the board of directors has emerged as both a target of blame for corporate misdeeds and as the source capable of improving corporate governance" (Aguilera, 2005, p. S39). I will not review the corporate governance theory, rather, in this section I will first develop the roles and responsibilities of directors in Australia directly from the legislative requirements, best practice governance guidelines and what is taught to directors. Second, I will explain that a liberal society like Australia requires that organisations behave ethically, and third, I offer a basis for directors to be motivated to ensure that the organisations they direct act morally. A clear understanding of the roles, responsibilities and expectations

of directors will set the scene for a discussion of the capabilities directors require to properly meet their responsibilities.

The role of the Director

The following will discuss the role of the board of directors of an organisation and briefly describe the legal responsibilities directors have to their owners/members. I will also set out basic corporate governance principles as defined by the Australian Securities and Exchange Commission (ASX)[7].

In Australia, the Australian Securities Regulatory Authority (ASIC) takes the lead role in regulating the behaviour of company directors. ASIC states that "[a] director of a company is a person who is responsible for managing the company's activities"(ASIC, 2017). Organisations generally operate with a board of directors. These directors represent the interests of the owners or members of the organisation. ASIC goes on to state that "you must carry out your duties as a director in accordance with certain rules. For example, you must always act in good faith, in the best interests of the company (even where this may conflict with their personal interests) and for a proper purpose" (ASIC, 2017).

The Australian Charities and Not-for-profits Commission (ACNC) also regulate directors of charitable organisations. Charities are often granted special tax status. The rules covering concessional taxation status are regulated by the ACNC. The ACNC rules governing the role of directors' mirror those applied by ASIC. For the balance of this thesis I will take it that the rules and impacts on directors of charities and for-profit business are equivalent to for-profit organisations.

The board of directors is distinct from the management of the organisation. The board's role is to appoint the CEO and, through the CEO, to monitor the operations of the

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[7] The ASX functions as a market operator, clearing house and payments system facilitator. It also oversees compliance with its operating rules and promotes standards of corporate governance among Australia's listed companies.

organisation. The directors set the vision and values of the organisation and delegate to management the operational roles (Australian Institute of Company Directors, 2016, p. module 1 page 46).

Much has been written about the role of the board vs management. Various codes of corporate governance have been developed to guide the board and give confidence to investors/members of organisations (Bebchuk & Hamdani, 2009, p. 1266). I will draw primarily on the codes developed by the Australian Securities Exchange Commission (ASX Corporate Governance Council). These corporate governance principles can be applied to large complex businesses as well as much smaller not-for-profits and other Non-Government Organisations. These standards have been developed based on international developments and reflect global best practice (ASX Corporate Governance Council, 2014, p. 2).

The ASX defines 'corporate governance' as "the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within corporations. It encompasses the mechanisms by which companies, and those in control, are held to account" (ASX Corporate Governance Council, 2014, p. 3).

The ASX sets out eight central principles of good governance. I will not be detailing these here but will refer specifically to two principles. Principle 1, which refers to the clarification of roles and responsibilities of the board and management, and Principle 3 regarding the need to act ethically and responsibly (ASX Corporate Governance Council, 2014). These two principles set the scene for the discussion in this thesis because they describe the role directors have in setting the tone from the top.

Principle 1 requires that directors are clear about the roles and responsibilities of the board vs the management team. Roles are generally described through the board charter and the role description of the CEO. There are important legal implications for directors in setting out the various roles. The law in Australia and many other western countries apply a reverse onus of proof on directors for some statutory offences (Baxt, 2012, p. 238). Directors are assumed guilty unless they can prove they are innocent. The

documentation setting out the specific roles and responsibilities of the directors and management forms the basis for delegations of authority and describe the division of roles of the board and management. An effective board will also regularly review the performance of the organisation and the management team. An important defence for directors against aggrieved stakeholders is that they operated within the rules set, these were unambiguous and there was a regular review of performance of the various delegated parties.

Principle 3 requires that directors act ethically and responsibly. There is no specific definition of ethics provided in ASX guidelines or the OECD's Principles of Corporate Governance (OECD, 2004). As discussed, Rorty considers moral progress as being measured by a reduction in individual suffering and humiliation. For the purposes of this current discussion I will take an action as ethical or moral if it is considered by others as good, or right behaviour based on the norms and standards of the time. Ethics and morality are used interchangeably in the governance standards considered in this paper and they generally describe behaviour by the organisation. As a general observation, governance standards require that ethical and moral actions are legal. Directors of organisations are expected to take responsibility for the values and culture of the organisations that they direct. As discussed, the directors are responsible for setting the tone/culture of the organisation. Director training programs such as that offered by the AICD claim that "Directors are held accountable for the 'tone at the top'. By establishing appropriate systems of corporate governance in the organisation they control, they signal to management what issues are important and what behaviours are acceptable" (Australian Institute of Company Directors, 2016, p. module 1 page 12). Because directors appoint the CEO and set in place the framework of assessment and reward the board is directly responsible for the culture of the organisation.

Essentially, the directors have a direct influence over the culture of an organisation and hence need to take responsibility for the actions of organisations. The tone at the top has been blamed for the Enron collapse in 2001 and the global financial crisis of 2008

(Amernic et al., 2010, p. v). It has also been identified that "an inappropriate tone is likely to increase the risk of fraudulent financial reporting and help explain cases of corporate collapse" (Amernic et al., 2010, p. 6). The AICD claim that the "baseline for any director is, of course, obeying the law" (Australian Institute of Company Directors, 2016, p. module 2 page 62). The directors are therefore expected to be responsible for a standard of conduct that sits beyond the minimum required by the law. ASX governance guidelines provide a suggestion for a code of conduct for directors. In particular, directors must, "comply with the laws and regulations that apply to the entity and its operations" and "not knowingly participate in illegal or unethical activity" (ASX Corporate Governance Council, 2014, p. 20). There is therefore a boundary around what is ethical, namely, the actions of the organisation need to be legal.

There are several challenges for directors in relation to the moral conduct of the organisations they direct. First, what constitutes a moral action and second, how do directors assess the tension that may exist between taking a moral action when this action may conflict with the goals of the organisation they direct. Further, it is not clear what the relationship is between the law and ethical behaviour. It appears an organisation can act immorally yet not break the law. On the other hand, it is generally accepted with the governance rules that guide directors, that breaking the law is immoral. Principle 3 sets the scene by claiming that "[a]cting ethically and responsibly goes well beyond mere compliance with legal obligations" (ASX Corporate Governance Council, 2014, p. 19).

Broad statements about the need for organisations to act ethically are not much help to directors who are working on the organisation, decision by decision. The following will first build a foundation for directors to understand the role of organisations as moral agents in a modern 'neo-liberal' democracy and second, to specifically describe the source of motivation for directors to be moral and who they are accountable to.

Organisational morality and neo-liberalism

I have described above that market regulators such as the ASX claim that organisations should behave ethically but they only make vague statements to justify their claims. Before the discussion on the specific motivation for directors to make sure their organisation behaves morally, it is first necessary to step back to confirm that, in a modern neo-liberal society[8], there is a firm foundation for why organisations should act morally. In the case of a for-profit organisation, is there an argument that directors have the right to reduce returns to the owners of the organisations they direct for a moral reason if they are not breaking the law? A neo-liberal society encourages free enterprise and entrepreneurship and the role of the Government is to remove the barriers to an open and efficient market. I am taking it that Australia is a neo-liberal society. It would seem based on a strict understanding of the modern liberal society that the responsibility of directors is clear, namely to optimise the return to the owners of the organisation, morally or not. The following argues that the integrity of the modern liberal society is, in part, dependant on organisations acting morally. Directors therefore have an obligation to make sure that the organisations they direct are considered moral. I will then discuss who judges morality and what specifically motivates directors to be moral on a decision by decision basis.

I have mentioned above that the ASX Corporate Governance Council has established a set of good governance principles. The idea is that the directors of the organisation should apply these principles on an if-not why-not basis. In other words, the default position is that directors of publicly listed companies need to follow the principles. If they do not then they need to disclose a reason for the breach of the principle. Principle 3 requires that the directors act ethically and responsibly (ASX Corporate Governance Council, 2014, p. 19). The OECD has also developed a set of Principles of Corporate Governance. These Principles have been developed with input and approval of all

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[8] I take neo-liberalism here to mean the policy model that proposes societies should be structured to encourage laissez-faire economic liberalism. The view is that encouraging free markets and open trade leads to a more efficient economy and hence increases the wealth of the citizens. The objective of an organisation is to maximize profits for its owners. The role of Government is to enable private enterprise.

members of the OECD including Australia and have become an "international benchmark for policy makers, investors, corporations and other stakeholders worldwide" (OECD, 2004, p. 3). These standards also state that "The board should apply high ethical standards. It should take into account the interests of stakeholders" (OECD, 2004, p. 60). Neither the ASX nor the OECD provide a convincing reason or motivation for organisations to behave ethically. The ASX Principles state that "[a] listed entity's reputation is one of its most valuable assets and, if damaged, can be one of the most difficult to restore. Investors and other stakeholders expect listed entities to act ethically and responsibly. Anything less is likely to destroy value over the longer term" (ASX Corporate Governance Council, 2014, p. 19). The OECD states that "[h]igh ethical standards are in the long term interests of the company as a means to make it credible and trustworthy, not only in day-to-day operations but also with respect to longer term commitments" (OECD, 2004, p. 60). Both the ASX and OECD guidelines promote ethical behaviour because of the impact that doing otherwise would have on the reputation of the organisation. Relying just on the protection of reputation does not seem, however, a compelling reason for organisations to act morally. To illustrate, an organisation may develop a reputation of producing superior returns to shareholders whilst acting immorally. Such a reputation may attract investors. Reputation protection is therefore not, in itself, a sufficient justification for moral behaviour. The following will provide a substantive reason why the fundamental integrity and stability of the neo-liberal society requires that organisations behave ethically.

Organisations are large and complex and affect all aspects of the social sphere. As Stackhouse observes, "the corporation has become one of the strongest institutions of our day" (Stackhouse, McCann, & Finke, 1995). These institutions reach across generations of people and geographic boundaries. Organisations are the primary centres of production and interact at many levels with citizens. Whilst on the face of it, neo-liberalism is a market driven ideology, neo-liberalism is actually "a complex, often incoherent, unstable and even contradictory set of practices that are organized around a certain imagination of the 'market' as a basis for 'the universalization of market-based

social relations" (Shamir, 2008, p. 3). In effect, the more that the market is pushed into the broader society, "the more socio-moral questions _traditionally the concerns of civic groups, liberal-democratic parliaments, trade unions and political parties _ become 'the business of market actors'" (Shamir, 2008, p. 3). In a neo-liberal society, there is an integration of the economy and society. "The World Business Council for Sustainable Development, a coalition of hundreds of multinational corporations and business associations, similarly explains that its approach reflects a belief that the pursuit of sustainable development 'is good for business and business is good for sustainable development'" (Shamir, 2008, p. 11).

The modern neo-liberal society requires that there be a set of practices that guide the operations of organisations. These practices could be set out in legislation, in rules governing best practice, in education programs for various leaders in organisations. An orderly market driven economy requires a balance between self-regulation and accountability of individuals and organisations. Codes of good conduct and ethics are a component of a neo-liberal society (Shamir, 2008, p. 13). The OECD in the forward to their Principles of Corporate Governance state that "[i]mportantly, our efforts will also help develop a culture of values for professional and ethical behaviour on which well-functioning markets depend. Trust and integrity play an essential role in economic life and for the sake of business and future prosperity we have to make sure that they are properly rewarded" (OECD, 2004, p. 3).

I claim that it is a foundational principle that neo-liberalism requires that organisations act morally. The fact that "many people are sceptical of the morality of modern business... business leaders have sometimes exploited workers, deceived customers, damaged the environment" (Stackhouse et al., 1995) is an issue for an organisation in a liberal democracy. My claim is supported by Shamir who concludes that "moralization of markets further sustains, rather than undermin[es], neo-liberal governmentalities and neo-liberal visions of civil society, citizenship and responsible social action" (Shamir, 2008, p. 1). Organisations are therefore moral agents just as individuals are.

Organisational behaviour is judged by others and immoral behaviour risks sanctions which may directly impact on the specific organisation or more broadly.

So why does an organisation need to justify its actions in any event? If the law is not broken, what other constraints are there? The first, and discussed above, is that stakeholders that hold an organisation in good stead would be expected to more likely deal with it favourably. The second reason includes the first and it is the general idea of the 'social licence'. Organisations are open to criticism from their stakeholders or the community more broadly if their actions are considered immoral, particularly if people are harmed. Sanctions may be imposed by regulators and laws may be changed that will impact directly on the organisation. The term 'social licence' implies a formal agreement that enables the organisation to keep operating. There is however no such formality. The term social licence points to the idea that organisations' "must increasingly satisfy not only the conditions of their formal licences, but also the concerns of host communities and broader society" (Parsons & Moffat, 2014, p. 341). The conditions of such a licence will vary over time but in any event, require that organisations do justify their actions to a broader group of stakeholders than just simply those they deal with directly. In practice, it would be expected that stakeholders would be limited to those directly impacted by the decision of the organisation.

If we therefore accept that there is a basis for organisations to be moral in a modern liberal democracy like Australia, the following questions remain, what is moral and who judges the behaviour of organisations, and what is the actual motivation for directors to be moral on a case by case basis if there is a conflict of interest between the various stakeholders impacted by the organisations actions?

Director motivation to be moral

Principal 3 of the ASX Governance guidelines sets an expectation that directors have a responsibility to ensure an organisation acts ethically. Acting ethically "involves acting with honesty, integrity and in a manner that is consistent with the reasonable expectations of investors and the broader community. It includes being, and being seen

to be, a 'good corporate citizen'" (ASX Corporate Governance Council, 2014, p. 19). I have explained above that organisations are moral agents in a modern liberal democracy like Australia. For the balance of this section I will be arguing that the motivation for moral behaviour should come from the need for the organisation to justify its action to others in terms that the others can reasonably be expected to accept. My argument will rely on some of the philosophical insights provided by John Rawls and other political liberals and which are discussed in the paper by Toenjes (Toenjes, 2015).

Organisations make decisions in the community that may be considered moral decisions, for example closing factories, laying off staff or selling products that may be defective, inappropriate, or just expensive. Organisations are not self-aware bodies however, the decisions they make are an outworking of the various individuals and processes within them. Individuals in leadership positions within an organisation cannot shield themselves from the organisation's actions. Leaders are morally culpable "when there is a corporate culture that permitted such action to take place even in the absence of finding a guilty individual" (Gibson, 2000, p. 251). My focus in this thesis is on the role of the board of directors and their motivation to set the appropriate moral tone.

Moral decision making within an organisation will be influenced by many factors including the stated values and ethics of the organisation, the decision-making process and the staff incentive systems (Palazzo, 2007, p. 124). The directors of the organisation have a direct influence over each of these factors. Notwithstanding that the ASX and OECD guides for good governance state that the organisation act ethically, there is little in these guides that offers a definition of what is ethical, or how organisations can assess the payoff between being ethical if there is a direct impact on the objectives of the organisation. If directors were only concerned about their organisations' acting legally then their focus would be on acceptance of any legal behaviour if it furthered the aims of the organisation. But what about ethical behaviour? Many decisions made by directors involve moral questions.

Toenjes explains that "[w]e can distinguish two fundamentally different philosophic approaches in business ethics. The more traditional one involves the application of principles, rules, and maxims to cases [rules based motivation] .. .. The other approach seeks to demonstrate that the goals of business include or somehow coincide with the goals of ethics [the morality pays motivation]" (Toenjes, 2015, p. 58). Toenjes argues that these methods are fundamentally flawed, he proposes a method of justification that offers a more robust motivation for why organisations need to act morally. I will develop on his arguments and advance his justification approach.

The first approach discussed by Toenjes recognises that organisations develop various rules of acceptable practice. The rules could consist of values statements, codes of conduct and ethical codes of acceptable behaviour. These rules may be developed to protect organisations from legal liability from staff for example anti-bullying rules. There can also be rules that have been imposed on directors, for example by regulators or other stakeholders. Whilst breaching these rules may not be illegal there may be a consequence that impact on the individual director or the organisation. These rules based codes may be motivated by a conception of justice or of fundamental human rights, they could reflect the values of the individual directors, or they could result from legal precedent that drives the need for directors to recognise unacceptable behaviour. Whilst the directors may be motivated to develop a culture that requires compliance with these rules, the question is begging about why these rules had been developed in the first place. The rule based motivation to setting culture will be motivated outside of the rules themselves as they would have been required to have been developed in the first place. Whilst the rules may provide some sense of moral motivation to the staff in an organisation they are not sufficient motivation for directors to act morally because the directors themselves need to take responsibility for the rules. The argument that the motivation for directors to be moral emerges from the rules themselves is therefore reductive.

The second motivation for organisations to be moral discussed by Toenjes is that being a good corporate citizen is good for business. The 'morality pays' motivation. I argue that this motivation to be moral is also is logically flawed and cannot be used sustainably by directors of an organisation. The morality pays motivation proposes that there is a financial or business case that can be developed that directly links organisational ethical behaviour with superior outcomes. These superior outcomes may be financial or may be the achievement of some other important organisational objective. Both the ASX and the OECD guides on good governance discussed above imply that acting ethically is good for business because of the impact that an unethical decision may have on the reputation of the organisation. These guides however provide no assistance to directors in assessing decisions on a case by case basis. The need to act ethically is an ideal that is promoted without apparent substance. Further, another clear weakness in the morality pays motivation is that it is not clear how it can be applied to organisations that are not-for-profit. I will come back to consider these not-for-profit organisations later.

Whilst it may be claimed by the ASX and the OECD that being ethical pays, I will argue that the methodology required to assess moral decisions at the actual decision level is not an effective way for an organisation to make decisions. First I will challenge the 'morality is good for business', argument for organisations who do have a profit objective. Corvino argues that the morality pays motivation "is weakest when it needs to be strongest, and thus inadequate to the task" (Corvino, 2006, p. 1). The issue is that if directors work on the assumption that morality pays then there needs to be a clear and quantifiable link between acting morally and organisational success at the level of each decision that the organisation makes. As Corvino argues, "the connections are not absolute: strictly speaking, moral behaviour is neither sufficient nor necessary for corporate success" (Corvino, 2006, p. 2). If the directors base moral decisions on financial outcomes then there will be an analysis required that makes assumption about various behaviours and outcomes. Linking actions with the value of harm is itself problematic, "[t]he problem is that many of the decisions and actions that hurt or harm other people in ways outside their own control are not covered by laws or influenced by

markets" (Hosmer, 2015, p. 192), for example plant closures, staff reductions, offshoring work to other countries. There may be clear financial justification to close a plant and move work offshore but the harm is not a factor in the analysis. The morality pays argument will not factor in the cost of the harm because it appears the harm is not quantifiable or relevant to the directors of the business making the decision to move. Corvino argues that there are many factors that will impact on an organisations long term viability. Corvino's claim is that trust of stakeholders, for example, is a fundamental factor for long term sustainability of an organisation. He claims that taking a narrow profit objective may miss the fact that the increase in trust will more likely guarantee business success than pure profitability (Corvino, 2006, p. 2). It is possible to develop a financial case that includes assumptions for the potential impact of a reduction in trust by stakeholders but the outcomes will be very sensitive to assumptions used, and the analysis converts a moral outcome to a mathematical exercise.

The dark side of the morality pays argument is that if the profit from an action is very high then an organisation will be obliged to act legally but immorally because the analysis indicates that the short-term gain outweighs any impact from acting immorally. If an organisation blindly adopts the morality pays motivation then directors may be convinced to act well outside of their personal moral comfort zone with the attraction of a major profit windfall.

There is a reductive aspect to the morality pays motivation as it could also be argued that it is not a motivation to act morally at all. The morality pays motivation is simply a recognition that acting morally can impact on organisational outcomes and hence needs to be factored into any financial or other relevant analysis of organisational outcomes. There may be situations where morality does pay, but there could also be situations when it does not. The motivation to act morally for directors is simply that it is good for business.

The flaws in the morality pays motivation for acting morally are exacerbated in the not-for-profit organisation because there may be no explicit financial argument that links moral behaviour with outcomes. It is unlikely that there will be a formal methodology in the not-for-profit for developing a case for acting morally based solely on some organisational financial benefit.

So, what, if any, motivation is there for directors to ensure the organisation they direct acts morally? The various codes of good governance discussed above build the expectation that directors act ethically, but these statements do not provide substantive reasons. I have also argued that the integrity of a modern liberal democracy, like Australia, will only be preserved if organisations consider themselves as moral agents. But directors are accountable to the stakeholders who appointed them for each decision they make. Directors therefore need to have a specific reason to be motivated to be moral that doesn't rely on them having to blindly adhere to codes of conduct or prove that being moral is good for business. The balance of this section argues that organisations have a responsibility to the broader community and therefore need to justify their actions to that community.

Toenjes argues that directors should be motivated to ensure that the organisation they direct acts morally because they will need to justify the actions of the organisation to other people in terms that these other people can reasonably accept, or at least cannot reasonably reject (Toenjes, 2015, p. 62). I will refer to this approach to moral motivation as the 'justification approach'. There have been several challenges to the justification approach which I will briefly discuss at the end of this section. I will also provide an analysis of the advantages the justification approach has over the morality pays approach.

The justification approach emerges out of the liberal theory developed primarily by John Rawls. Rawls' political liberal theory is built on the principle that "it is vital to the idea of political liberalism that we may with perfect consistency hold that it would be unreasonable to use political power to enforce our own comprehensive religious,

philosophical, or moral view, which we must, of course, affirm as true or reasonable (or as not unreasonable)" (Rawls, 2001, p. 184). Rawls' claim is that reasonable people in a liberal democratic society accept that they have a different view of the good than others and that the State should allow the opportunity for individuals to express their differences. Toenjes imports some of the ideas of justification developed by Rawls and applies them to corporations as if they were individuals. Toenjes claims that the motivation that an organisation needs to be moral is "the concern to justify actions to others in terms that all can accept" (Toenjes, 2015, p. 57). By 'others' Toenjes is referring to other citizens or specifically all those who are impacted by the decisions of the organisation. Where business and ethical issues conflict, the need to justify to others will enable an assessment as to the moral acceptability of any actions.

The requirements for justification need to be in terms that others can accept. It follows therefore that organisations are required to justify their actions in the various language games of the stakeholders and broader communities. "The desire to justify one's actions is not a desire to manipulate others or to gain their acquiescence through any means whatsoever, or with any kind of reason whatsoever. Threats and promises might produce acceptance in the sense of acquiescence; but unless these appeal to persons as free, equal, rational, and reasonable, the acquiescence is not reasonable agreement"(Toenjes, 2015, p. 61) . A fundamental principle is that the communication needs to be open to scrutiny by informed participants and that any misleading information would be expected to be revealed.

Toenjes' use of Rawls' theory includes the idea that "[i]n seeking to justify, we are not assuming there are no reasons to the contrary. But we are saying it is reasonable to accept, or not reasonable to reject, the action in question" (Toenjes, 2015, p. 62). In other words, is it reasonable to tolerate the actions of an organisation even if it is reasonable to disagree with actions it may take.

The literature on toleration in a Rawlsian political liberal society can provide added insights into the idea of justification and acceptability. "A reflexive democracy, one that

is aware of its own principles, must be based on the fundamental principle of the justification of justice, which says that all those institutions which determine social life and thus the individual lives of citizens to a high degree need to be justifiable in the light of norms that the citizens cannot reciprocally and generally reject" (Forst, 2004, p. 317). Whilst referring to public institutions, Forst's claims can reasonably be applied to organisations. Organisations can be large and complex and can have a material impact on the social life of individuals. The idea of social licence to operate requires the ongoing justification of actions by the organisation. If the actions of the organisation are intolerable then there will be consequences such as changes in the law, or the stakeholders of the organisation may seek change in the way the organisation operates. "The kind of respect that corresponds to the principle of justification I take to be the most fundamental form of moral recognition: the respect of the other as having a right to justification" (Forst, 2004, p. 317). Organisations need to respect the rights of their broader stakeholders for justification. The justification approach therefore requires that directors appreciate that the actions of an organisation may need to be justified directly and coherently to the broader community.

There are some challenges to the idea that Rawls' liberal theory can be applied to the corporation. Singer sets out a powerful argument against Rawlsian contractualism. He argues that Rawls' theory was a political theory and applied to individuals and public institutions and not to corporations (Singer, 2015, p. 79). Singer's argument is that Rawls' theories cannot be applied to corporations because Rawls' theory specifically excludes application into voluntary organisations and associations. Singer argues that corporations are structurally closer to these voluntary organisations than they are to public institutions. "If we wish to abide by the liberal toleration of Rawlsian theory and still think normatively about the corporation, we need a conceptual understanding of which aspects of the corporation are properly subject to the principles applying to the coercive legal institutions, and which are subject to the maximal freedoms of personal conduct" (Singer, 2015, p. 86). Singer is correct that Rawls' theory does not allow for the modern conception of the corporation. I agree with Toenjes however that importing the

idea of justification from Rawls does provide "a powerful reply in business contexts to the question why a business person should put ethics above immediate business interests" (Toenjes, 2015, p. 57). Toenjes is not proposing a wholesale import of Rawls' theory, he is simply recognising "[t]he contractualist desire is a desire to cooperate with other persons according to principles that all can accept. It is a desire to be able to justify our conduct and the principles governing our conduct" (Toenjes, 2015, p. 60).

In addition to Toenjes' arguments I am attracted to the idea of the justification approach as a motivator of organisational moral behaviour because it is both immediate and transparent and hence requires an organisation to continually and actively seek moral signals from the broader community. By immediate I mean that the need to justify actions requires that the organisation needs to construct moral arguments in the relevant language games that ask the immediate question 'is our action acceptable to the currently norms and expectations of our broader stakeholder group now'. The moral argument is testable with the current community and should align with the individual moral sensibilities of the organisations management team and directors. The organisation, and hence the leadership within the organisation, needs a continual updated conception of what it is to be moral. This reflexivity links the idea of community based ethics with the self-understanding of the organisation. Transparency is also critical because it should be assumed by a board that their decisions will be open to criticism from outside and hence need to be justified.

The justification approach requires directors to ask different questions than does the morality pays approach. The morality pays approach leads to a decision-making process built around answering the question, 'what are we likely to get away with to maximise the benefit to our organisation?' vs the question asked in the justification approach, 'how do I, or how would my friends and community, feel about this action?'. As discussed, a fundamental problem in the morality pays approach is developing the case that shows the payoff between moral behaviour and organisational success. The case for an action using the morality pays approach is potentially set out in the language

games of the organisation rather than by the language games of the broader community. The justification approach answers real questions with real answers, i.e. 'can we justify these specific actions now to the wider community'? Further, and as discussed above, the morality pays approach is problematic with not-for-profit organisations while the justification approach is applicable to all organisations.

The other key advantage of the justification approach is that it provides a clear requirement that the organisation needs to actively follow changes in stakeholder and community attitudes. The need for potentially continuous justification requires that directors act as proxies for justification, they need to be connected to the broader community in a way that enables them to anticipate changing community standards. Organisations need to have flexibility in their operations that enable them to interpret the language games of relevant key stakeholders and hence keep up with contemporary moral and normative debates. On the other hand, the morality pays approach risks being internally focused and financially driven using existing and potentially outdated views of community attitudes and changes in language games.

There are still a lot of unanswered questions with the justification approach which would form a fruitful area for future research, in particular, which stakeholders does the organisation need to justify its actions to, and how do the directors ensure that the justification is structured in terms that effectively provides the information required for the stakeholders to reasonably make their assessment. There are also questions around when the justification should be made. The directors would be making commercial decisions that they would not make public but they would need to be able to make their own assessments on justification as a proxy for the broader stakeholder group.

To recap, I am discussing the reasons why organisations need to be moral because I am determining the capabilities that directors need to meet their responsibilities. With the justification approach, directors need to understand the language games used within their organisation and in the broader community. The directors will need to be morally attuned with the broader community and be constantly prepared to justify their actions.

Directors would therefore be expected to be situationally aware, i.e. able to change their perspectives to understand the implications of the organisations action to the various stakeholders. In Rorty's terms, directors would ideally need to be ironic and be able to move between language games through re-description.

Section 6 - Director capabilities

This section will combine the discussion on the roles and responsibilities of directors with Rorty's anti-foundationalist philosophy to make proposals about the capabilities of directors with respect to the governance of the organisations they direct. In the next stage of this project the proposals about director capabilities will be tested through interviews with directors. My claim is that to meet their responsibilities to the stakeholders, directors need to accept first that the organisations they direct are moral agents and hence actions need to be justified to the various stakeholders impacted, and second, directors need the ability to understand and interpret the various language games used across the organisation, by their broader stakeholder group and by the community generally.

Whilst the capabilities discussed in this section are only a subset of the complete technical and behavioural capabilities required by directors, I claim that directors need to be aware of the importance of irony and re-description in properly meeting their responsibilities. This section will conclude with a discussion on the extent to which the proposed capabilities are required by all directors or just a subset of directors of the board.

I have argued that the directors of an organisation bear the responsibility for the behaviour of that organisation. Not only do they have a responsibility directly to the stakeholders that they represent, they also need to be accountable to any stakeholders that may be impacted by the actions of the organisation. Directors set the 'tone' of the organisation. Specifically, directors are responsible for the culture of the organisation and ultimately the actions of the organisation they direct.

There is an expectation that organisations need to behave ethically. Various regulatory bodies have developed guidelines of good corporate governance. I have discussed the codes developed by the ASX and the OECD and they both claim that an ethical organisation will ultimately perform better than an organisation that behaves unethically. In fact the Australian Institute of Company Directors claims that "[t]he link between director ethics and corporate governance practice is well established. It is accepted that boards with strong codes of ethics and directors with high personal moral values are more likely to provide enhanced corporate governance for their organisation" (Australian Institute of Company Directors, 2017b).

Accepting that organisations should act ethically appears a worthy objective but it does little to help directors make specific decisions. I have proposed a specific motivation for directors to behave ethically on a decision by decision basis. I have proposed that directors need to be able to justify their actions to any stakeholder that is impacted by the decisions of their organisation in terms that the stakeholder can reasonably accept. The idea that directors need to justify their actions requires that they understand the different language games used by their various stakeholders.

I am using the anti-foundationalist philosophy of Richard Rorty because he recognises that individuals view the world through their personal final vocabularies. Rorty provides the tools to understand how to move between language games, and also, how organisations as moral agents can create new vocabularies that can pave the way for a better world. In an organisational context, the directors must manage the competing interests of their stakeholder groups, for example, in a for-profit organisation, the owners have an interest in maximising their returns. Profit maximisation may come at the expense of other stakeholders. Rorty recognises that there is no formula for determining what is moral, rather there is an explanation providing moral justification. The issue for directors is providing this explanation in a different form recognising the different vocabularies of the various stakeholders.

I have also explained that organisations themselves are made up of various specialised components that themselves use their own specific language games. Directors need to be able to 'translate' the language games used within the organisation in arriving at a course of action for the organisation.

An important discussion is, do directors need to be liberal ironists and hence recognise the contingency of their own language or, is it sufficient for directors to simply appreciate the existence of other language games and the need for justification in terms that others would accept. The following table sets out my hypothesis of capabilities required by directors. I have shown a range from what I have termed the 'least required capability' vs what I claim Rorty would have a hope for. I have then discussed the implications of the range for director capabilities and the extent to which these capabilities are required by all directors' vs only a few on the board of directors.

Capability	least required capability	Rorty's hope
Understanding the role of the organisation in a modern liberal democracy	Director considers the organisation as a moral agent that has responsibilities to all stakeholders impacted by the organisation rather than just the owners of the organisation.	Director considers the organisation as a moral agent that has responsibilities to all stakeholders impacted by the organisation rather than just the owners of the organisation. The director considers the organisation has a responsibility to contribute to moral debates and to be a leader in striving for a better world.
Motivation for the organisation to be moral	Directors need to accept their motivation for the organisation to be moral is that actions need to be	Directors will have a vision of a new, better world with less suffering and less humiliation. They will see their organisation as being

	justified to all stakeholders impacted and in terms that these stakeholders will reasonably accept. The director accepts the link between organisational values, culture, and behaviour.	a vehicle for creating this better world through increasing solidarity. They will accept the link between organisational values, culture, and behaviour. The director will have a well-developed moral imagination and an intuition that allows them to make decisions that can be justified to all stakeholders in terms that they can reasonably accept
A developed moral outlook	Director has a well-developed intuition about what they personally consider as right and wrong and understand the moral perspectives of various stakeholders impacted by the actions of the organisation they direct. There is a general appreciation of community expectations.	Director has a well-developed intuition about what they consider as right and wrong and understand the moral perspectives of various stakeholders impacted by actions of organisation. There is a general appreciation of community expectations and a motivation to create a better world. The director will appreciate that their own moral outlook will also need continual revision.
Ironism	Directors do not need to be ironists as described by Rorty, but they do need to accept the existence of different language games	Directors need to be ironists in that not only do they accept that there are different language games used within their organisation and by the organisation's stakeholder's

	used within their organisation and by their stakeholders. They may believe that their own vocabulary is closer to reality than others but they accept the need to communicate in the language games that others understand.	but also that they doubt their own vocabulary and have been impressed by other vocabularies'. They accept that their own vocabulary is no closer to reality than other vocabularies.
Re-description	Directors need to understand the language games used by other relevant stakeholders and to be able to re-describe justifications in ways that stakeholders would understand. Directors may not accept the legitimacy of other vocabularies but that stakeholders who use these vocabularies need to be communicated with and convinced of the reasonableness of the actions of the organisation.	As an ironist the director would accept that their own vocabulary is no closer to reality than other vocabularies. They will be motivated to re-description in their search for a new, better vocabulary and to justify actions to other stakeholders in terms they will reasonably accept.
Perspective and situational awareness	Director understands that different stakeholders	Director understands and appreciates that different

	have different perspectives but does not necessarily accept the legitimacy of these different views. The director needs to situate themselves to understand the context and role of the organisation in the broader community	stakeholders have a legitimately different view of the role of the organisation. The director needs to situate themselves to understand the context and role of the organisation in the broader community and be exposed to different views to enable them to measure these views against their own

Directors as ironists

An important distinction made in the above list of proposed capabilities is the extent to which the director needs to be a 'liberal ironist' in Rorty's terms. The assumption built into the above table is that the hoped-for position is that the director is a liberal ironist as defined by Rorty.

Under the Rortian hoped-for position, the liberal ironist director genuinely doubts the capacity of their final vocabulary to describe the world. They accept that there may be other vocabularies that are better than theirs, and further, they feel a responsibility to constantly revise their existing vocabularies by exposing themselves to new ways of speaking and thinking. The ironist is characterised by doubt and the motivation to improve.

Being an ironist however appears to have implications for the moral outlook of the director and as discussed previously, could be considered as an anti-liberal condition. The ironist is the 'intellectual' who is not committed to any form of "religious faith or .. to enlightenment rationalism" (Rorty, 1989, p. loc 138). Non-ironic directors are considered by Rorty as holding back moral progress. It appears that hypothesising for a

director to have no religious beliefs seems contrary to community expectations. In fact, many not-for-profit organisations are established by religious organisations with all directors required to endorse the values of the religious order. Rorty's hope that all directors, for example, be liberal ironists appears extreme and unworkable.

In practice, rather than being ironic the director, as a minimum, needs to appreciate that there are different vocabularies that are used by the various stakeholders impacted by an organisation. They may consider their own vocabulary as superior to the others but that there is always a need for re-description to enable translation of justification from one vocabulary to another.

Ideally however the director should be able to move between language games because of doubt they have about their own, "I shall use 'edification' to stand for this project of finding new, better, more interesting, more fruitful ways of speaking. The attempt to edify .. may consist in the hermeneutic activity of making connections between our own culture and some exotic culture or historical period, or between our own discipline and another discipline which seems to pursue incommensurable aims in an incommensurable vocabulary …. For edifying discourse is supposed to be abnormal, to take us out of our old selves by the power of strangeness, to aid us in becoming new beings" (Rorty, 1964, p. 360)

Directors as moral leaders

In a paper Rorty presented on trends in business ethics he claimed that, "[t]he business ethics community, I suspect, does not need people with a thorough knowledge of moral theory as much as it needs people who have a journalist's nose for a good story, and a novelist's talent at spinning it" (Rorty, 2006a, p. 378). Rorty considers that individuals in organisations make moral decisions based on their intuitions about what is right and wrong rather than on their ethics training. Moral intuitions for Rorty are driven by the individual's moral imagination. Rorty does not develop a view about the role of organisations in society but he does map out what he views to be moral progress and how individuals are accountable to others in the moral decisions that they make. "Moral

progress is not, on this pragmatist view, a matter of getting clearer about something that was there all the time. Rather, we make ourselves into new kinds of people by inventing new forms of human life" (Rorty, 2006a, p. 373). Rorty considers that moral imagination is both necessary and sufficient for organisational decision making (Rorty, 2006a, p. 376). "I think of it [moral imagination] as a matter picturing ourselves in the shoes of others (sweatshop workers, disenfranchised and subordinated women, etc.). Imaginative identification with the weak and powerless is what impels us to step back, look critically at our previous mind-set, and try to change it" (Rorty, 2006b, p. 413).

The table of proposed capabilities above identifies a minimum and preferred, by Rorty, level of moral leadership. At a minimum, the director should understand the community expectations of organisational behaviour as well as the expectation of various of the stakeholders. Recent research into director values and the quality of decision making confirms that "[d]irectors' personal moral values seemed to be the determining factor for deciding how to handle the challenging situations or uncomfortable circumstances in which they found themselves" (Grant & McGhee, 2017, p. 6). The various codes of behaviour require that organisations act ethically even if this may reduce the immediate returns or benefits to some of the organisations stakeholders. I have developed the argument that the motivation to be moral is the need to justify actions to the various stakeholders in terms that they would reasonably accept. The director therefore needs to have a developed moral outlook that informs their decision making. The Rortian preferred situation is that the organisation should be considered as a moral leader, i.e. has a vision for a better world and a statement indicating its role in moving towards that better world.

As a generalisation, it may be considered that not-for-profit organisations may have a specifically developed moral objective because they often are established to achieve a moral outcome for their stakeholders. For profit organisations, on the other hand, have a specific aim of increasing returns to their owners. But as I have already argued, all organisations are accountable to all their stakeholders irrespective of the organisations

primary aim. Rorty has argued that it is the role of individuals in organisations to have a moral imagination such that they position their organisation as a moral leader. So is it the role of the organisation to be a moral leader? If it is then the stakeholders need to accept this position and directors need to have the capabilities to be moral leaders. Or, is the organisation simply expected to meet moral norms without taking a leadership position. It is not the objective of this thesis to resolve the debate about the role of organisations in advancing moral debates, there are a couple of observations worth making though. First, an organisation that takes a role in leading moral debates will need to develop core skills in understanding the moral outlook for various stakeholders and how to use the various language games to explain and justify their position. These moral and language capabilities are consistent with the argument I am making about the capabilities required by directors. Second, the organisation that is taking a moral leadership position may be in a stronger position to justify its actions to all stakeholders than an organisation that is a laggard in promoting moral positions. A contemporary example of organisations taking on moral leadership positions are those organisations who are supporting gay marriage[9].

The group vs individual directors.

The discussion to this point has been about directors as individuals. Boards are collective decision-making units however and often have many directors. In Australia, corporate boards have an average of 5.2 Directors (Australian Institute of Company Directors, 2017b). Do all directors need the capabilities described above or just a subset of directors of a board? The following claims that, to be effective, all directors need to have the least required capabilities described in the above table.

The board is composed of a number of directors, "[b]oard composition is a broad term to encompass issues such as who is on the board, their particular skills and experience, their personalities and style of interaction with other directors", further "[b]oard

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[9] http://www.australianmarriageequality.org/open-letter-of-support/

effectiveness depends on obtaining the right mix of skills, experience and attitude" (Australian Institute of Company Directors, 2017a, p. mod 9 page 15). Ideally, directors are selected for board positions based on their technical and behavioural competencies. Boards often develop a skills matrix that sets out the broad set of competencies needed for the organisation to meet its aims. The expectation is that directors are appointed to fill or bolster various competencies found. As an example, it is often the situation that a board will need one or more board members to be skilled in financial analysis and accounting. Whilst all board members need to be financially literate a specialist on the board is desirable. Can it also be argued that only a subset of directors is required to have the capabilities listed in the table above?

I have already described the responsibilities of directors. Whilst the board is a collective decision-making entity, individual directors are required to take personal responsibility for each decision made. It appears reasonable therefore that when it comes to making decisions for the organisation that have a moral dimension, directors cannot be in a situation where they need to rely on other directors to decide on a proper course of action and how these actions are justified to the various stakeholders. In our liberal democratic society, people are held responsible for their own choices and it would seem reasonable that these same expectations apply to directors. Whilst boards may develop codes of ethical conduct and values statements, "[t]he findings of this current study to some extent suggest that personal morals are just as, if not more, important than codes of ethics for the attainment of ethical corporate governance" (Grant & McGhee, 2017, p. 8).

An alternate view maybe that a director who has the least required capabilities described above will be able to convince other directors of a course of action because of their individual powers to convince others in the language games that they individually play. In effect, if the board has one, or a minority of directors with the above described capabilities, then they will convince the remaining directors. I have already argued that directors cannot contract out their moral decision-making responsibilities to other

directors, but there could be a plausible scenario whereby the director may have the moral capabilities described above but not appreciate the existence of different language games and the need to re-describe actions. To meet their obligations directors will need to agree the strategy for managing the various stakeholders of the organisation and that they will all need to understand the need and expectations of these stakeholders. Not understanding the various language games would appear to be a significant barrier for the director to contribute to a meaningful discussion on stakeholder expectations and communications.

My hypothesis is that all directors are required to have the least required capabilities described above, this hypothesis will be tested in the next stage of this project where directors will be interviewed. But harking back to Rorty, maybe we can adapt his quote about firm moral principles to refer to virtuous director behaviours as "abbreviations of past practices - (a) way of summing up the habits of the [directors] ..we most admire" (Rorty, 1999, p. xxix).

Section 7 - Application of capabilities to personal experience

The following will apply the capabilities developed for directors to the actual situation I faced presenting to the AICD conference. In summary, I was caught between the language games of a director, a facilitator, and a researcher. The critical issue for me and the organisation that I appeared to be representing was that there was ambiguity about the role I was playing during the presentation. It appeared to some that I was speaking as a director rather than, what is my default position, as a facilitator of director training programs. I did not appreciate the different language games played by people in the audience and their potentially different moral outlooks.

As a director of Greenpeace, I have a view as to why the organisation exists and what moral behaviour is to the organisation. During the session, I took it for granted that all participants held the same view about moral behaviour. I did not try, nor was there time for me to justify Greenpeace's moral position to all the participants present. Rorty's hope is that as an ironic director I would appreciate that the moral decisions taken by

Greenpeace may also be open to review based on different vocabularies and views of a better world. There are people who object to the aims or tactics of Greenpeace. These were not discussed or referred to in the session.

An ironic director would have entered a dialectic on the role of Greenpeace rather than made propositions about moral positions. "Her [the ironist] method is re-description rather than inference. Ironists specialize in re-describing ranges of objects or events in partially neologistic jargon, in the hope of inciting people to adopt and extend that jargon. An ironist hopes that by the time she has finished using old words in new senses, not to mention introducing brand-new words, people will no longer ask questions phrased in the old words" (Rorty, 1989, p. loc 1764). I made propositions using the language of an activist or a facilitator rather than as a director.

With regard to language games used, my assumption in the session was that all the participants in the session played the same language game and accepted that I was speaking hypothetically. The reality is that the words I used, if taken as a director, would have been interpreted as my endorsement of illegal behaviour. The audience would have included people who would have legitimately seen Greenpeace as an illegitimate organisation and hence not entitled to favourable tax treatment. I did not appreciate that I needed to re-describe my position in terms that they could accept.

In the session I was not situational aware because I was talking as a facilitator where the accepted style is to develop scenarios that provoke discussion. However, it is reasonable to assume that some of the participants would have seen me as speaking as a director of Greenpeace. My dogmatism could have indicated a narrow-minded view of the role of Greenpeace's outlook rather than the legitimate outlook of other stakeholders including regulatory bodies.

On balance therefore, if I had have been speaking as a director I should have been far more cognisant of the fact that the various stakeholders of Greenpeace and the community generally, would not have accepted my basic propositions about the moral worth of the actions of Greenpeace. I would have been aware that I should have played

the director language game and been less provocative in the statements I made. These statements would have been acceptable if made as a facilitator setting up working scenarios rather than actual views of a Greenpeace director.

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