Integrating Ethics and Strategy: A Pragmatic Approach

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ABSTRACT. An organizing framework is set out for the diverse literature on business ethics in relation to strategic management. It consists of sets of bi-polar components, spanning themes and topical themes, with a derived typology of contributions. Then, in the spirit of classical pragmatism, the organizing framework is re-cast as an integrative conceptual model of the strategy–ethics relationship. The approach recognizes that both pragmatism and dialectics can underpin progress towards integration, encompassing both normative and empirical aspects.

KEY WORDS: ethics, strategy, organizing-framework, integrating, pragmatism, dialectics

Introduction

Many contributions to Business Ethics and Strategic Management have focussed specifically upon the relationship between the two fields (e.g. Arcelus and Schaefer, 1982; Arthur, 1984; Freeman et al., 1988; Gilbert, 1986; Heath, 2006; Hosmer, 1994; Leidka, 1998; Logsdon and Wood, 2002; Reynolds, 2003; Robertson and Crittenden, 2003; Singer, 1994, to mention a few). Nonetheless, attempts to characterize the overall strategy–ethics relationship (SER) remain incomplete and controversial. Whilst empirical studies involving a variety of performance measures[1] have yielded rather ambiguous results (e.g. Barnett and Salomon, 2006; Hillman and Keim, 2001; Margolis and Walsh, 2003), prescriptive contributions to this interface relationship have often concealed political assumptions or overlooked some of the limitations of market-based systems, as discussed, for example, in Dobson (2001) and Karnani (2007).

This article responds constructively to a suggestion made some time ago by Margolis and Walsh (2003) that in relating ethics to strategy, we have to accept 'ambiguity as a starting point for inquiry'.

Accordingly, in the classical pragmatic tradition, a diagrammatic framework capable of *organizing* the diverse contributions to the SER is set out. The framework is primarily intended to enable researchers to place these contributions (i.e. articles explicitly or implicitly about the relationship) constructively in relation to each other. A second part of the article (Section ''Pragmatism'') then re-casts this new 'organizing' framework as a comprehensive *conceptual model* of the SER, viewing it as a relational whole whilst encompassing both its normative and empirical aspects. This re-casting is very much in the spirit of classical American pragmatism (e.g. Rosenthal and Buchholz, 2000a, b), a philosophy in which diagrammatic representations of relationships *per se* are seen to constitute an important part of scientific inquiry. In addition, because a set of bi-polar components that lies at its core, such as 'efficiency vs. justice' the framework is also plainly evocative of European dialectics (e.g. the poles can be viewed as false choices, inviting synthesis). As it happens, both of these philosophical traditions have been re-gaining prominence in the source business disciplines (e.g. Albritton, 2003; Webb, 2007) but also within the mainstream management literature (e.g. Buchholz and Rosenthal, 2005; Freeman, 2008; Margolis, 1998; McVea, 2008; Rosenthal and Buchholz, 2000a, b; Wicks and Freeman, 1998; Zanetti and Carr, 2003, to mention a few).

An organizing framework

The organizing framework is comprised of three main parts: (i) a set of bi-polar components, (ii) a set of spanning themes and (iii) a set of topical themes. The 'bi-polar components' involve values (e.g. efficiency vs. justice), ethical theories, rationalities, responses to

TABLE I

The bi-polar components

Component	Left-pole	Right-pole
Values	Justice	Efficiency
Ethics	Utilitarianism	Exchange
Rationalities	Reflection	Utility
Mkt. Limits	Compensate	Exploit
Systems	Stakeholder	Shareholder
Agency	Collective	Individual
Timing	Ethics now	Ethics later
Language	Values-based	Value-based
Capitals	Multi-forms	Financial

market-limitations, systems or models (i.e. stakeholder vs. shareholder), political leanings, moral-agencies (i.e. individual vs. corporate), strategic timings, forms of capital and language-usages (Table I). Together, these place the 'ambiguity' and dialectical tensions associated with the SER at the core of the framework.

The 'spanning themes', as discussed subsequently, include character, intention, emotion, persuasion and trends. Each of these has been examined in specific contributions to the SER, where they have variously qualified and informed the bi-polar components. Finally, a set of topical themes is identified, such as globalisation, environment, poverty, trust, corruption, property-rights and philanthropy. In many contributions to ethics and strategy, these themes have informed or been informed by the bi-polar components, or the spanning themes, as described below. These three parts of the framework and their interrelationships are depicted in Figure 1.

The bi-polar components

Strategy and ethics have long been regarded as expressions of contrasting value-priorities (e.g. Arcelus and Schaefer, 1982; Freeman et al., 1988). This implies that the set of identifiable human values can be partitioned, such that one sub-set (and one side of the organizing framework) is more closely associated with productive efficiency, craftsmanship and exchange[2]; the other 'side' with justice, care, human rights and the avoidance of harms. It is also
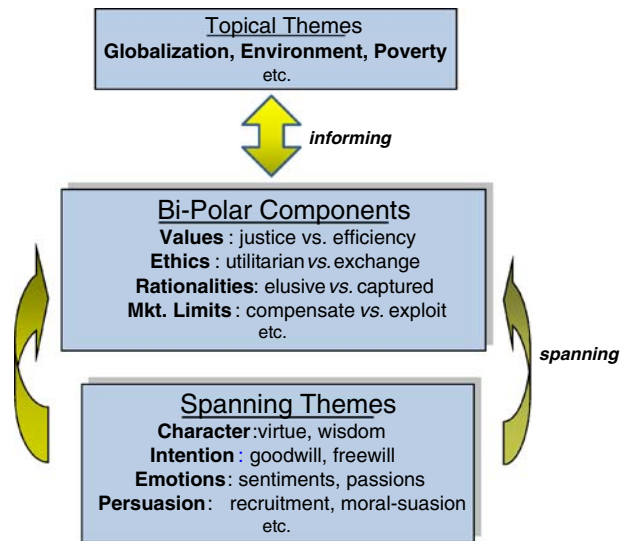

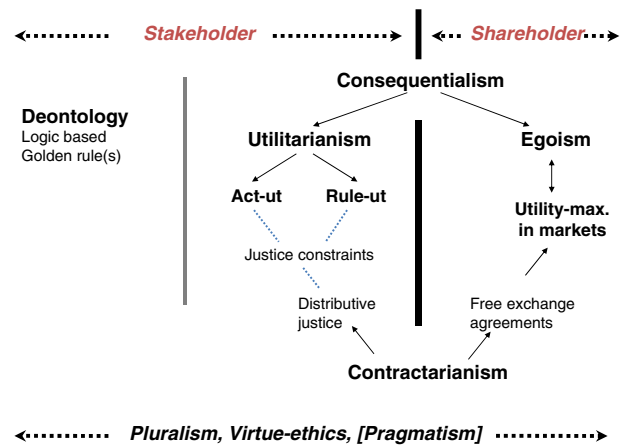Figure 1. Components, spanning-themes & topical-themes.

Figure 2. Partitioning the set of ethical theories.

possible, allowing for a useful simplification, to partition the set of all ethical theories or forms of ethical reasoning in a roughly equivalent way (indicated by the thick vertical bar in Figure 2). These theories have all been discussed from time to time in the strategy literature (e.g. Arthur, 1984; Hosmer, 1994; Robertson and Crittenden, 2003; Singer, 1994) and they are of course prominent in business ethics. However, the overall placement of this set of theories in relation to contested aspects of strategy, such as the shareholder vs. stakeholder models, has never been made fully explicit.

In this organizing framework, the efficiency-related 'values' are placed on the same side of the partition as normative ethical egoism and the principle of utility maximization[3] that represents free exchange (in qualified markets). On the other side (Figure 2) one finds various forms of utilitarianism; that is, acting with the primary intention of producing the 'greatest good for greatest number of people' or in accordance with general rules derived from that principle. This philosophy plainly resembles the various multi-stakeholder and stewardship models of strategic management (e.g. Davis et al., 1997; Jones and Wicks, 1999), but even more so when the utilitarian decision making criterion is augmented with harm-avoidance and justice-related constraints. Deontological ethical theory and the categorical imperative (golden rule) also belong on this same (stakeholder) side of the partition, although in other contexts (e.g. McVea, 2008) these are often contrasted with utilitarianism due to their non-consequentialist derivations, as depicted by the narrow vertical line in Figure 2. Finally, when contractarianism is viewed as moral theory it is one of a few cases (along with ethical pluralism[4] and virtue ethics) of theories that span the partition: its core idea of agreements amongst free individuals locates it squarely on the 'exchange and efficiency' side, but there is also an internally derived (rather than added-on) emphasis on distributive justice.

Each of the above forms of moral reasoning are interwoven with (and have in many cases been defined as) distinctive forms of rationality (e.g. Bazerman and Messick, 1998; Davis et al., 1997; Singer, 1994). Accordingly, the set of rationalities can also be (fuzzily or roughly) partitioned, with one side containing forms that are reducible to preference-relations (i.e. they can be captured formally or rhetorically in terms of an overarching *utility*-maximization process), whereas the rationalities on the other side explicitly involve reflective thinking, meta-preferences and human goods (e.g. Etzioni, 1988; Koslowski, 2001; Lutz and Lux, 1988). This distinction is often linked in the economic literature to the distinction between 'revealed-preference vs. wellbeing' which is but one of the standard welfare-related limitations (or failures, or imperfections) of market-based systems. These limitations, in turn, have been the focus of several further prominent contributions to the SER (e.g. Arcelus and Schaefer, 1982; Gilbert, 1986; Heath, 2006; Margolis

and Walsh, 2003; Prakash-Sethi, 2003; Quinn and Jones, 1995) where it has been noted that strategists are able to deliberately exploit the limitations, or to refrain from such exploitation, or even to mitigate and compensate for their associated welfare losses and social harms. Accordingly, 'exploit vs. compensate' is another bi-polar component (Table I) of the framework. Others involve stakeholder vs. shareholder theories (with their associated political leanings and systems, as described in Freeman, 1998), individual vs. collective moral-agency arguments,[5] timing (i.e. ethics now vs. later), forms of capital (i.e. financial vs. social and ecological forms, etc.) and finally the contrasting usages of language within the 'business-as-usual' vs. stakeholder narratives.[6]

The spanning themes

Many contributions to the SER develop themes that span these bi-polarities or dualisms, including psychological themes such as character, intentions and emotions, but also sociological themes such as persuasion, culture and trends. In many contributions these themes have informed both poles of selected bi-polar components, as depicted in Figure 1. For example, the theme 'character' informs strategy because the motive to excel is associated with excellence and efficiency in business, whilst virtue ethics *also* sees that a caring attitude and a commitment to humane ideals is a mark of good character (e.g. Solomon, 1998). Many contributions in ethics (e.g. Kant) and in strategy (e.g. Mintzberg and Waters, 1985) that discuss goals and intentions have also exhibited a similar pattern of references to the component poles. Similarly, the theme of 'emotion' is relevant to both fields (e.g. Calori, 1999; Spurgin, 2004) although ethics is more frequently associated with emotions or moral sentiments, compared with strategy, which *prima facie* leans more towards reason. Persuasion *per se* is yet another prominent spanning theme (e.g. Freeman, 1999) in the sense that many contributions to the SER are capable of being read as recruitment appeals for one (political) side or the other.[7] Finally, reports of macro-trends indicating moral progress vs. moral regression also tend to support one side whilst downplaying the other (e.g. reports that business-as-usual has uplifted the poor vs. claims to the contrary, and so on).

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TABLE II

Some topical themes that inform strategy and ethics

Topic	Typical sub-themes	Example of contribution
Environment	Narratives, regulations, sustainability	Starkey and Crane (2003)
Globalisation	Opposing views, business citizenship	Dobson (2001)
Poverty	BoP – markets, intentions, attitudes	Prahalad and Hammond (2002)
Trust	Normative, empirical, types, levels	Brenkert (1998)
Corruption	Crime, performance, FDI effects	Robertson and Watson (2004)
Property	IPR controversy, public goods	Maitland (2002)
Philanthropy	Strategic vs. altruistic	Saiia et al. (2003)

The topical themes

Many further contributions that inform the SER have focussed upon topical themes such as poverty, environment, globalization and human rights. In many cases these are also informed by the relevant strategy and ethics literatures, as indicated in Figure 1. Some of the topical themes, with their main sub-themes and sample references are listed in Table II. With regard to poverty, for example, Prahalad and Hammond (2002) contributed a persuasive account of private enterprise serving bottom-of-pyramid markets, with Karnani (2007) duly contributing the other side of the story. With regard to environment, Rugman and Verbeke (1998) noted that win-win strategic options were not always available to firms in regulated markets. Yet when Starkey and Crane (2003) cast the evaluation of green strategy in terms of 'competing narratives' they claimed that 'ecological understanding' might incline managers towards green options despite such tradeoffs. Many other contributions that focus upon topical themes exhibit a similar pattern of selective references to component-poles or spanning themes. Examples include globalization and human rights (e.g. Dobson, 2001; Logsdon and Wood, 2002), trust (e.g. Brenkert, 1998; Hosmer, 1995), corruption (e.g. Robertson and Watson, 2004), property rights (e.g. Maitland, 2002) and philanthropy (e.g. Saiia et al., 2003), to mention a few.

The typology

In addition to contributions that focus upon topical themes, spanning themes and bi-polar components,

several other types of contribution can be identified (Table III) according to the way in which they inter-relate the components and themes, as depicted in Figure 3. These 'types' include synthesizing, separating, capturing, re-casting and combining-type contributions, as follows:

Synthesizing

Here, the poles of some selected bi-polar component(s) are brought together and unified (or reconciled, balanced, harmonized, shared; or else cast as complementary, symbiotic, or synergistic). These contributions indicate that the various bi-polar components symbolize false choices (e.g. Kuttner, 1984). Some contributions focus upon processes, such as stimulating moral-imagination or striving for inclusiveness (e.g. Dobson, 2001; Werhane, 1999), others focus upon content, such as industrial ecologies, win-win strategies or shared value-creation, and so on (e.g. De Wit and Meyer, 2005; Porter and Kramer, 2006; Shrivastava, 1995).

Separating

In the separating-type of discussion or contribution (as in Freeman's 'separation thesis') concepts from one side of the dualism only are linked together in a way that mutually reinforces the poles through the association of ideas. For example, economic efficiency might be linked to ethical egoism, with these jointly deployed as justification for the shareholder model or a system of investor capitalism (e.g. Hendry, 2001). On

TABLE III

A typology of contributions

| Type	Description	Example
Informing	A topical theme is informed by component-poles(s), spanning-theme(s), or other types	Prahalad and Hammond (2002)
Spanning	A spanning-theme is developed, or linked to some bi-polar components or topical-theme(s)	Freeman (1999)
Synthesising	The poles of selected bi-polar component(s) are unified or synthesized	Werhane (1999)
Separating	Concepts from only one side of the dualism are linked, or used to inform a topical-theme	Freeman (1998)
Re-casting	A claim that a particular component or spanning-theme yields superior insights or is persuasive	Heath (2006)
Capturing	Ethical categories are explained in terms of rational utility maximization, as in game theory	Binmore (1999)
Combining	Two or more components or themes are explored jointly, opening up a space for inquiry	Karnani (2007)
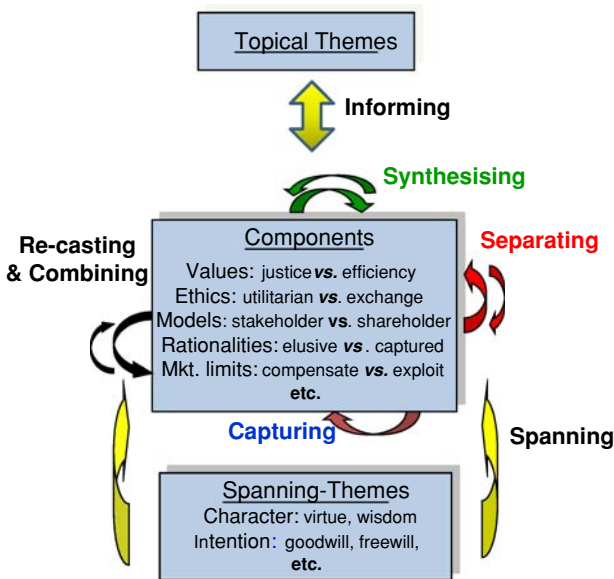
Figure 3. An organising framework.

the other side of the dualism, references to distributive justice and duties to aid might be invoked to, as Margolis (1998) put it, 'normatively justify vivid aims worthy of pursuit alongside economic objectives'.

Re-casting

A third distinctive type of contribution claims that particular bi-polar components or spanning themes

are more useful than others. For example, Solomon (1998) re-cast business ethics in terms of character (a spanning theme). Later, in the entrepreneurial context, Jawahar and McLaughlin (2001) effectively recast the shareholder vs. stakeholder 'component' as an issue of timing (i.e. ethics now vs. later). More recently, Heath (2006) argued quite forcefully that a focus upon market-limitations is likely to offer superior insights than the stakeholder vs. shareholder debate.

Capturing

In capturing contributions, moral categories such as altruism, guilt, gratitude and justice are captured discursively and analysed mathematically in terms of preference relations, as in advanced game theoretic or evolutionary models (e.g. Binmore, 1999) and more generally in the technical 'Theory and Decision' field. Other discursive contributions, those that argue in favour of the instrumental version of stakeholder theory or in favour of social strategies for profit, also belong here.

Combining

Finally, in combining-type contributions, two or more bi-polar components or spanning themes are

explored in conjunction with each other. For example, the 'market limitations' and 'moral agency' components jointly open up a space for inquiry into the distribution (over various players) of the duties or responsibilities associated with each particular limitation. Examples include the duty-to-aid mentioned by Margolis and Walsh (2003) or the responsibility for the gap between preference and well-being discussed recently by Karnani (2007).

Pragmatism and dialectics

Thus far, the framework depicted in Figure 3 has been described as a guide to organizing the many diverse contributions to the SER. However, it can also be interpreted as an integrative conceptual model of that relationship. This step is fully in line with the philosophy of the American pragmatists (e.g. William James, John Dewey and Charles Pierce) who considered that 'diagrammatic reasoning complements and supports the iterative process of inquiry' (Webb, 2007). However, the particular categories and relationships depicted in Figure 3 convey not so much a sense of American pragmatism, as a definite sense of European dialectics. The latter is associated with the early twentieth century works of Hegel, Engels and Fichte but it has also surfaced from time to time in various modern contributions (e.g. Alvesson and Willmott, 1992; Calori, 1999; Carr and Zanetti, 1999; Mason, 1969; Van de Ven, 1992). At its core lies the idea of a dynamic pattern of thesis, antithesis and synthesis: quite like the bi-polar components and 'types' in the frame-

work. Accordingly, any attempt to characterize the SER in a way that accommodates and does full justice to its diversity, now invites a hybrid of pragmatism with dialectics as its underlying philosophy.

Shared themes

As intellectual traditions, American pragmatism and European dialectics are quite separate. Indeed, they are often considered to be competing against each other, or as dividing Anglo-American from European philosophy. Nonetheless, pragmatism and dialectics plainly do have many qualities in common, many of which, fittingly, are also directly relevant to both strategy and ethics. These common qualities include inquiry, comprehensiveness, non-termination, invention, ecology and iteration (Table IV).

Inquiry *per se* is a major theme within classical pragmatism. Pierce, for example, considered that inquiry originates from an 'irritation resulting from doubt, or because of a puzzling situation' encountered in practice, just as strategic managers might be puzzled by ethics. The same concept of reflective inquiry is also central to dialectics, as awareness and consideration of opposites activates and guides inquiry. Both philosophies also approve of the complete or comprehensive surveying of relevant facts when making decisions or taking action, an idea that is once again shared with many prominent contributions to strategy and ethics.[8] Dewey, for example, wrote that 'there is no question of theory vs. practice, just intelligent practice vs. uninformed,

TABLE IV

Shared themes within pragmatism, dialectics, strategy and ethics

Theme	Pragmatism	Dialectics	Implying that strategy and ethics each involve…
Inquiry	Truth as usefulness in inquiry and in action	Activation of knowledge	Awareness of full circumstances
Completeness	Striving to relate all theories to a situation	Incorporation of opposites	
Continuity	No conclusive termination	An unending process	Continuous improvement
Invention	Invention of ways to live	Synthesis	Imagination, good design
Iteration	Inquiry is iterative	Process repeatedly rises to new synthesis	Expectations of further paradox and ambiguity

stupid practice' (cf. McVea, 2008), whilst dialectics has already yielded practical methodologies for activating that intelligence (e.g. Mason, 1969; Mason and Mitroff, 1981). A third common theme involves the continuous nature of inquiry. Pragmatists see a goal-seeking entity engaged in 'continuous' invention (e.g. McVea, 2008) whilst Hegel wrote long ago of an 'unending' dialectical process, just as contemporary strategic management doctrines emphasize continuous improvement. Finally, both philosophies accept the recursive nature of inquiry.[9] Pierce for, example, wrote of 'iterative' inquiry, just as Hegel described a dialectic that 'rises to synthesis over and over again'.

Critiques

Additional shared themes can be found at the level of critiques or evaluations of each tradition: not only regarding their imminence and usefulness as philosophies, but also their ecological associations and their shared tensions with other traditions (Table V). With regard to their imminence, a decade ago Margolis (1998) called for 'pragmatic solutions' in the face of empirical ambiguities, just as Wicks and Freeman (1998) appealed for a pragmatic approach in which ethics and organisation studies are fully 'interconnected' (cf. Freeman, 1999). More recently, Webb (2007) claimed in the *Journal of Economic Inquiry,* that there is 'a growing recognition amongst philosophers of science that classical pragmatism is waiting around

to corner' because it 'anticipates the directions toward which mainstream philosophy seems to be struggling'. Similarly, the historical lack of attention paid to dialectics in mainstream business theory has also been noticed and criticized from time to time (e.g. Calori, 1999; Fukuyama, 1992; Mason, 1969) but responded to mainly in the Anglo–European critical management literature (e.g. Alvesson and Willmott, 1992).

Pragmatism and dialectics are both associated with ecological ways of thinking, which in turn lend further credibility to the viewpoint that they have regained their contemporary relevance. In pragmatism, inquiry is seen to be carried out by a 'goal-seeking organism', just as the dialectic has been associated with life and mind ever since it was first articulated by Plato (and now in fields such as dialectical biology). The (recursive) usefulness of these two philosophies is also becoming increasingly apparent, as pragmatism seemingly 'continues to shed light on … the role of values and ethics in … managerial decision making' (McVea, 2008), particularly regarding the tangible value of incorporating ethics into decision making, whilst it also licenses us to deal productively with all types of ambiguity (e.g. Levi, 1986). Similarly, when the dialectic is reasonably assessed on its own merits, detached from its somewhat negative historical and ideological associations, it also has quite obvious relevance to business strategy and ethics. It has often been noted (e.g. Mason, 1969; Schon, 1983; Zanetti and Carr, 2003) that bi-polar constructs can serve to activate and assemble precisely the type of knowledge that is

TABLE V

Shared critiques and evaluations of pragmatism and dialectics

Theme	Pragmatism	Dialectics	Implying that strategy and ethics involve…
Imminence	'Waiting around the corner', foreshadowed	New dialectics, critical theory, etc.	Increased emphasis upon pragmatism and dialectics
Ecology	Organism functioning in environment	Progress in sciences of life, dialectical biology	Mutuality, evolutionary perspectives
Usefulness	Enables inquiry to advance, avoiding 'roadblocks'	Fosters reflective thinking; improves prediction	Reflective practice
Opposition	Shared tensions with positivism, objectivism and rule-based ethics		A likely trend away from positivism, etc.

inherently strategic and ethical: involving the self with the other, the firm in its environment, the present and the future, and so on.

The normative–empirical aspect

Ultimately, the role and importance of pragmatism and dialectics in business research and theory development 'depends on the epistemological position taken' (e.g. Calori, 1999), and there has certainly been a variety of these positions, with their accompanying tensions. Simply put, there is an historical and convoluted line in the sand along which mechanistic/rule-based/positivist philosophies and attitudes have broadly confronted their ecological/pluralist/inquiry-based counterparts.[10] A shadow of this line is clearly visible in this conceptual framework. More specifically, pragmatism and dialectics have each been pitted against the logical positivism and objectivism that underpin many mainstream empirical contributions involving the SER. The core of the disagreement involves the assumptions made about the observer and the observed, or the theory and the data in the inquiry process. Pragmatism is a 'relational philosophy' (Buchholz and Rosenthal, 2005) whereby the inquirer and system, the object and subject, the whole and part, as well as the normative and the empirical are all held to be mutually constituted,[11] that is, their very existence and integrity as ideas depends on each other. This type of relationship is also characteristic of ecological systems; but is not how we normally think of individuals studying or improving a machine, which is a central metaphor in the positivist and objectivist traditions.

In contrast with these philosophical tensions, there now seems to be a contemporary spirit of inclusivity, at least in some quarters, whereby entire philosophies are held to complement and co-operate with each other, rather than to compete and exclude. Pragmatists and dialectical thinkers, not to mention management theorists[12] are all certainly capable of making useful accommodations, even when uncomfortable. Thus, for example, according to Webb (2007), pragmatism now provides 'the most constructive philosophical complement' to empirical inquiry, just as it also accepts the complex nature of the interactions between empirical evidence and abstract reasoning. In similar spirit, Werhane (1994) previously

noted that 'social science cannot be purely objective and *ethics* cannot be purely non-empirical' (emphasis added). In sum, the normative and empirical aspects of both strategy and ethics have come to be generally regarded as an interwoven fabric of ideas, or an elaborate relational whole.

This idea can also be expressed diagrammatically. A contemporary pragmatic account sees that a conceptual space spanned by:

$$\text{normative–empirical} \times \text{strategy–ethics}$$

is densely filled (Figure 4). Each point (construct, component or theme) within this space is necessarily infused with a rich mixture of normative and empirical qualities relevant to both strategy and ethics. Moreover, these two aspects of the space are generally not considered to be orthogonal. Each projects onto the other as depicted in the figure because the normative–empirical dialogue is not independent of the SER; it is a constituent part of it, just as Freeman (1999) described it as 'part of the separation thesis'. Nonetheless, ethics is still *prima facie* normative [as implied in the above quote from Werhane (1994)] whilst strategy as a field of inquiry remains substantially empirical, with its inherent emphasis on data perceived and interpreted by a participant or observer, to varying degrees.

Several other contributions to the SER have suggested that the conceptual space depicted in Figure 4 is not uniformly dense. It arguably has a denser core that is occupied by a few specified components, topics and themes. For example, Greenberg and Bies (1992) suggested that research in organizational justice (a component pole) might lead the way in yielding a more general 'rapprochement' between normative and empirical approaches. Hosmer (1995)
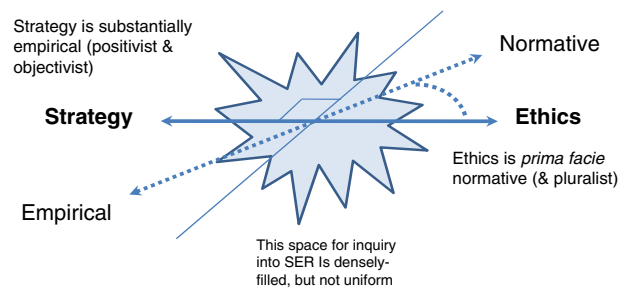

Figure 4. The normative–empirical dialogue and the strategy–ethics relationship.

then observed that the topic 'trust' distinctively lay at the 'confluence' of these two aspects, because its several operational definitions in psychology incorporate moral values. Finally, the spanning theme 'character' (e.g. Solomon, 1998) necessarily encompasses both normative virtue ethics and empirical personality psychology.

An augmented framework

As a further step towards integration, the normative–empirical aspect depicted in Figure 4 can be incorporated back into the present organizing framework for ethics and strategy, where it can obviously serve as an additional organizing principle (Figure 5). That is, any given contribution contains a mixture of empirical and normative qualities that locates it along the new axis, just as its thematic content locates it in the earlier two-dimensional version. The augmented three-dimensional framework can in turn be interpreted as a more complete or comprehensive model of the SER.

Conclusion

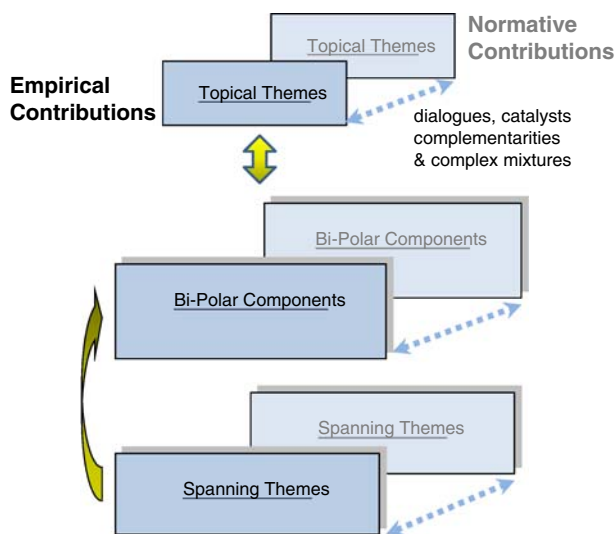The framework set out in this article is intended to assist inquirer–researchers who are attempting to

organize diverse contributions to the strategy–ethics relationship. By indicating their placement relative to each other, it has the potential to force a more careful analysis of each individual contribution. At a deeper level, the framework also provides an holistic representation of the strategy–ethics relationship, encompassing its normative and empirical aspects. This is fully in line with Wicks and Freeman's (1998) proposal that logical positivism and 'the idea of a normative world' should be replaced henceforth by an integrative pragmatism, as well as Margolis' (1998) prescription that 'attention must be turned from the dominant normative and empirical trends' towards 'pragmatic solutions'. All such contributions serve to remind us that as our understanding of the strategy–ethics relationship develops, our main focus should be on discovering, designing and re-inventing good ways to live with others. Pragmatism further informs us that when we encounter ambiguities about facts or normative disputes about values, these do not have to be regarded as roadblocks (e.g. Levi, 1986). They are mere obstacles that can be negotiated whilst intelligent and productive activities continue.

Figure 5. An augmented framework.

Notes

[1] For example, Barnett and Salomon (2006) reported that 'environmental and labor relations screening decreased (the) financial performance' of portfolios; whereas Hillman and Keim (2001) previously reported that 'stakeholder management leads to improved shareholder value'.

[2] Adam Smith and Karl Marx drew sharp distinctions between efficiency and craftsmanship, reflecting the efficiency of the division of labour vs. the expressive rationality of craftsmanship. Their placement on the same side of the present framework reflects (i) their shared separation from distributive justice and wider social concerns in business and (ii) the contemporary viewpoint that sees a gradual re-integration of labour and knowledge in production.

[3] In this context, fiduciary-duty, altruism towards shareholders and the relationships modelled in agency theory are all viewed as parts of the same narrative, involving utility maximization, egoism and the shareholder model. The other narrative or side involves (i) utilitarian concerns for the overall good, (ii) Kantian notions of duty with the categorical imperative, (iii) reflective forms of rationality and (iv) multiple values

and duties of service, all of which are more obviously associated with the stakeholder or stewardship models (e.g. Bowie, 1998; Davis et al., 1997; Freeman et al., 1988).

[4] Ethical pluralism accommodates all the other forms so that it fully spans the partition. Virtue ethics and pragmatism can also be viewed as spanning theories in this context, although the latter remains in tension with rule based ethics (see note 10).

[5] The stakeholder vs. shareholder debate has a long history (cf. Freeman, 1984; McGee, 1998) and it has recently turned towards pragmatism (e.g. Freeman, 2008). Similarly, in the moral-agency debate, the claim that only individuals are moral-agents (e.g. Friedman, 1970) has also confronted arguments to the contrary (e.g. Danley, 1984; French, 1984; Gilbert, 1986) together with recent steps towards a pragmatic resolution (e.g. Buchholz and Rosenthal, 2006; Margolis and Walsh, 2003).

[6] To give just two examples, the term 'value-based management' refers to shareholder wealth creation in the lexicon of business as usual, but to justice and care when deployed within the stakeholder narrative. Similarly 'forms of capital' refers to financial instruments in one lexicon, but to social and ecological forms in the other and so on.

[7] Ed Freeman has described the word 'stakeholder' as an 'obvious literary device, meant to call into question the emphasis on stockholders' (1999).

[8] For example, Sun Tzu emphasized knowing the 'circumstances'. Iris Murdoch wrote of a moral imperative to 'gaze' at the World; Another British philosopher, David Hume, stressed the importance of understanding all the facts before striving to consider them from an ethical and hypothetical 'general point of view' (cf. Spurgin, 2004).

[9] This thesis itself illustrates this recursive process. It is in tension with some alternative approaches to integration, which involve correspondences between *similar* concepts in strategy and ethics, rather than bi-polar opposites. In order to give a few examples, Leidtka (1998) has mapped various themes in strategy directly onto an 'ethic of practice'. Logsdon and Wood (2002) indicated similarities between the interpretations of 'citizenship' (a moral category) and strategy concepts such as multi-domesticity and global integration. Reynolds (2003) then mapped 'global integration' onto 'justice', whilst (somewhat controversially) equating strategic-responsiveness to an ethic-of-care. Another relevant aspect of pragmatism's recursivity was discussed by Rosenthal and Buchholz (2000b) who noted its implied capacity to sweep-in or re-discover plural forms of ethical reasoning.

[10] For example, pragmatists are uncomfortable with rule-based systems of ethics such as Kantian deontology, hence with attempts to formulate ethics rules in business (e.g. Soule, 2002), which they tend to see as authoritarian (e.g. McVea, 2008). On the other side of the line, Kant criticized the dialectic (which has qualities shared by pragmatism) as 'sterile' or *not* useful. Later, Karl Popper, a forceful proponent of positivism, considered that it was dialectics (rather than rule-based ethics) that fostered totalitarian modes of thought, just as contemporary contributions on the other side sometimes refer to 'totalitarian corporatism'.

[11] According to pragmatists, even the distinction between normative vs. empirical 'emerged within …a relational whole' and only because it is itself useful in inquiry (Rosenthal and Buchholz, 2000a, b). Like ethics and strategy, these two constructs only gain their full meaning and significance 'within the context of each other'.

[12] Management theory, in line with practice, seems to have something of a spirit of consensus and compromise; whereas mainstream philosophy is traditionally more fractious. This quality itself points to the potential for integrative fields such as strategic management to inform philosophy.

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