THE IMPOSSIBILITY OF THE SEPARATION THESIS

A Response to Joakim Sandberg

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A*bstract*: Distinguishing "business" concerns from "ethical" values is not only an unfruitful and meaningless task, it is also an impossible endeavor. Nevertheless, fruitless attempts to separate facts from values produce detrimental second-order effects, both for theory and practice, and should therefore be abandoned. We highlight examples of exemplary research that integrate economic and moral considerations, and point the way to a business ethics discipline that breaks new ground by putting ideas and narratives about business *together* with ideas and narratives about ethics.

Joakim Sandberg's (2008) recent article engages in a critical conversation about what is known as the "separation thesis," the view that matters of economic value are somehow distinct from ethical values. Sandberg highlights how some (e.g., Freeman 1994; Wicks 1996) have called for the rejection of this view, and while highlighting that an alternative, integrative view of business and ethics has consequently largely been embraced by business ethicists, he implores us to attempt to understand the separation thesis, and our rejection of it, "more exactly" (Sandberg 2008: 213).

Sandberg suggests a number of different ways we might interpret the separation thesis. We shall leave a detailed discussion of the first eight interpretations of the separation thesis to others, and instead concentrate on the ninth formulation discussed by Sandberg:

> ST9: There is a genuine difference between matters of business and matters of ethics, at least insofar as there is a genuine difference between descriptive and normative matters. (Sandberg 2008: 227)

This is *precisely* the implied articulation of the separation thesis considered problematic by those who have called for its rejection. Curiously, Sandberg (2008: 227, 230) on one hand facilely accepts this formulation of the separation thesis on the grounds that it makes "intuitive sense" to distinguish between facts and values; yet on the other hand, he acknowledges in his notes that values are inextricably embedded in "social contexts" and facts. In this sense, his call to understand with more precision the separation thesis and its rejection appears to be answered only by additional lack of clarity.

However, Sandberg is correct in his acknowledgement that the separation thesis is based on—and merely a manifestation of—the underlying, more fundamental problem of the fact-value dichotomy. Once we understand the separation thesis as an attempt to dichotomize "business facts" and "moral values"—rather than some other more limited interpretation—we can formulate an answer to Sandberg's call for more clarity about the reasons we should reject this distinction.

As Sandberg notes, values are "embedded in social contexts from which they cannot be removed" (Sandberg 2008: 230). We cannot single out particular "facts" from their underlying narratives. As Searle (1964: 52, 54) pointed out, the "inclination to accept a rigid distinction between 'is' and 'ought,' between descriptive and evaluative, rests on a certain picture of the way words relate to the world" that ignores contextual notions such as "commitment, responsibility, and obligation." In other words, statements about the external world do not "face the tribunal of sense experience" alone (Quine 1951: 38). James and Dewey, Putnam and Rawls, Rorty and Goodman have all made similar arguments. Philosophers of science such as Kuhn (1962) and Feyerabend (1975) have highlighted the challenge this poses to the very concept of scientific inquiry as being solely descriptive and objective.

Similarly, in *The Collapse of the Fact-Value Dichotomy*, Hilary Putnam (2002: 27, 61–62) suggests that facts and values are deeply "entangled," and as such, "the picture of our language in which nothing can be *both* a fact *and* value-laden is wholly inadequate." As an illustration, Putnam's analysis of the word "cruel" as being both descriptive and value-laden illustrates how a great deal of language works, and demonstrates the limitation of employing a sterile, objectivist view of language and meaning. Putnam then analyzes the work of Amartya Sen's *On Ethics and Economics*, in which Sen (1987) specifically suggests that we have forgotten that economics is inherently entangled with matters of ethics, and argues that the false dichotomization of the two has impoverished discipline-based analysis in both economics and ethics. Sen's observation is a clearly articulated rejection of what has come to be known as the separation thesis.

Yet the entanglement of facts and values has implications beyond our mere conception of "business" language as being both normative and descriptive. Such entangled concepts apply directly to actual practices, which always embody both facts ("business" considerations) and values ("ethical" considerations). Consider, for example, the arrangement by which a business firm provides employment to a particular individual; has the corporation provided economic value, or moral value? How can such things be disentangled?[1] Along these lines, any economic assertion is ultimately both descriptive and value-laden, as well. Furthermore—and ironically—any *explicit* contention that commerce and morals involve mutually exclusive considerations (e.g., Friedman 1970; Jensen 2002) is *also* both descriptive and value laden.

Hence, while agreeing that dichotomizing business and ethics is a fool's errand that is not useful, helpful, or even meaningful,[2] we argue for a more powerful reason to explicitly reject the separation thesis: separating economic considerations and ethical considerations is impossible. As such, attempts to separate the two serve simply to obscure a particular set of values—but such values exist nonetheless, lurking beneath

the surface. Embracing the separation thesis, then, does not in fact disentangle facts and values, but merely appears to do so, while obscuring and embedding a particular set of values that privileges certain considerations and dismisses others. Therefore the problem with the separation thesis is not so much that it actually separates business and ethics—an impossible task—but that it purports moral neutrality while surreptitiously encapsulating certain ethical values and assertions. But why exactly is this problematic?

Ghoshal (2005) and others (e.g., Ferraro, Pfeffer, and Sutton 2005; Frank, Gilovich, and Regan 1993), in showing that we enact the very theories of social science that we propose—and therefore demonstrating that the moral consequences are indistinguishable from the theories themselves—highlight the danger of *attempting* to separate business from ethics. When theorists suggest and managers enact an approach that views "business" decisions as if there are no moral consequences to them (e.g., describing unfettered profit maximization as the "single objective function" of business firms), this inculcates a societal narrative about business and ethics in which ethical considerations are no less real, but merely devalued and denatured. Is the view that owners of firms and their employees are one-dimensional maximizers of self-interest with convex utility functions for monetary wealth simply a matter of fact? Is the assumption that incentives effectively ameliorate agency conflicts unassailable? While some research (e.g., Frank 1988; Harris and Bromiley 2007) calls into question the *prima facie* descriptive accuracy of such assertions, important implications also arise from the assumptions about morality that are embedded within such statements, and their reifying influence on managerial behavior and social norms. That business decisions have moral content is inescapable; pretending the two are divisible at best obscures important considerations and at worst paradoxically encourages a particular set of ethical norms that may be unintended.

However, it is also important to note that while economists such as McCloskey (1998) have convincingly revealed the value-laden nature of economic concepts once the veneer of faux objectivity is peeled away, the mirror image of this problem—that discussions about ethics often lack rich descriptions about how we create value and trade with each other—is an equally compelling reason to reject the separation thesis. In other words, the separation thesis cuts both ways. As Sen (1987: 9) suggests, "the distance that has grown between economics and ethics" has also been "unfortunate for the latter."[3] In a recent analysis of Wittgenstein and Davidson, Alice Crary (2007) extends this point to suggest that focusing solely on moral judgment separates ethics into a stylized narrative that doesn't fully capture or address the kinds of problems that we try to solve with the use of value-laden language in the first place. Questions of ethics in business are overly stylized unless considered within the rich context of value creation, organizational dynamics, and stakeholder pressures.

This acknowledges that business contexts, like all social situations, may inherently contain conflicting moral considerations. Yet organization theorists (Cameron et al. 2006; Martin 2007; Quinn and Rohrbaugh 1983) have argued that the type of "both/and" thinking required to embrace and deal with multiple objectives can ultimately serve as a source of creativity, tension, and innovation that drives produc-

tive organizational action. In practice, addressing multiple imperatives and moral contradictions involves coalition building and collective action, and scholars have begun to shed light on how these processes unfold in organizations, both generally speaking (Hargrave and Van de Ven 2006; Seo and Creed 2002) and specifically with respect to considerations of ethics (e.g., Hargrave 2008; Nielsen 1996).

As such, it may well be that the academic debate over the separation thesis and its rejection has outlived its usefulness as an argumentative device in management theory. Indeed a number of business scholars have entangled facts and values, business and ethics, descriptive and normative, all in a body of groundbreaking work that investigates the complexity of organizational life.

Consider Donaldson and Preston's (1995) seminal stakeholder paper. Although on the surface their work appears to be concerned with distinguishing stakeholder theory's normative, descriptive, and instrumental elements (hence potentially *championing* the separation idea) they ultimately categorize all of these elements as "managerial in the broad sense of that term" (Donaldson and Preston 1995: 67), and therefore "intimately connected with the practice of business" (Freeman 2000: 173). Margolis, Walsh, and colleagues (Margolis and Walsh 2003; Walsh, Meyer, and Schoonhoven 2006; Walsh, Weber, and Margolis 2003) pick up on this theme and tackle head-on the interconnected nature of business and ethics and its implications for the way we conduct management research, suggesting that tensions arising from economic and ethical demands ought to be explored, rather than simplified—an idea also championed by other theorists (e.g., Bartunek 2002; Hinings and Greenwood 2002).

A healthy list of research exemplifies this integrative approach. For example, Treviño, Weaver and Cochran (Treviño and Weaver 2001; Weaver and Treviño 1999; Weaver, Treviño, and Cochran 1999a, 1999b) explore the inner workings of organizational ethics initiatives and their impact on employee attitudes and compliance. Ashforth and coauthors (Ashforth and Kreiner 1999; Ashforth et al. 2007; Kreiner, Ashforth, and Sluss 2006) explore how organizational stakeholders form meaning and identity in the context of occupations that carry social or ethical stigma. Wade and colleagues (Wade, O'Reilly, and Pollock 2006; Wade, Porac, Pollock, and Graffin 2006) investigate the determinants of executive pay and its implications for perceptions of fairness among organizational employees. King and Lenox (King 2007; King and Lenox 2000; 2001a; 2001b; 2002) integrate considerations of environmental sustainability and competitive strategy. Reynolds (2006a; 2006b) explores the role of morality in decision making. Rodriguez and colleagues (Rodriguez et al. 2006; Rodriguez, Uhlenbruck, and Eden 2005; Uhlenbruck et al. 2006) analyze the impact of corruption on international business practices. The list goes on. There is growing interest, for example, in understanding interorganizational trust, bottom of the pyramid approaches to alleviating poverty, morality of working conditions within the supply chain, entrepreneurial solutions to environmental challenges, and a host of other topics that explicitly embody "entangled" business facts and moral values.

As such, the body of research that in some way, shape, or form dispenses with the

separation thesis is not endless, but it is encouragingly substantial. And momentum around a vigorous, synthetic research agenda in business and ethics, at least by our anecdotal observation and reading of the literature, appears to be increasing and widespread. It is evidenced by both an increasingly nuanced treatment of moral values within organization theory and strategic management, and also the heightened presence of organizational theories and methods within business ethics. This appears to be accompanied by a certain amount of self-awareness, as well; Hartman (2008) compellingly argued in his recent Society for Business Ethics Presidential Address that such integrative approaches to business ethics should be embraced and pursued with vigor. In our view, Sandberg (2008) is therefore accurate in his observation that many researchers have rejected the separation thesis in favor of pursuing integrative questions; hopefully we have responded constructively to his call for additional clarity on the subject. In rooting the separation thesis in the fact-value dichotomy, we have attempted to 1) explain what we understand the separation thesis to be, 2) show how distinguishing between business "facts" and moral "values" is impossible, 3) clarify why embracing the separation thesis, despite its impossibility, is nevertheless problematic, and 4) highlight examples of work that in various ways effectively bridge the fact-value divide.

Granted, sometimes in research it may be useful to emphasize part of a narrative in the foreground, and shift other issues to the background. This is true in economics where many interesting ideas have been worked out by holding human complexity to a minimum. Likewise in ethics it is sometimes useful to focus solely on the complexity around difficult ideas like "fairness" or "responsibility" without having to discuss the complexities of global value creation and trade. It is impractical to require every piece of research that is *primarily* focused on exploring economic mechanisms to give a full account of related ethical considerations, and vice versa. Nevertheless it is critically important to recognize that such individual pieces of the puzzle, each with a particular primary focus, are by definition underspecified, and it is a mistake to infer from them that business and ethics can ever be meaningfully separated. Indeed we have argued that attempting to do so is both theoretically and practically detrimental. Yet just as Quine has pointed out that individual statements about the world do not stand on their own, neither does each individual paper or research project. This points the way to the vigorous development of business ethics as a discipline that, on the whole, expands our understanding of business by putting ideas about economic opportunities and constraints together with ideas about moral responsibility. There is much work to be done.

Notes

1.   And if they cannot be disentangled, what are the implications for ideas such as "corporate social responsibility" and "triple bottom line"?

2.   For several articulations of these arguments, see Freeman 1994 and 2000; Freeman, Wicks, and Parmar 2004; and Wicks 1996 as examples.

3.   Sen (1987: 10) suggests that not only should economics play a direct role in under-standing better the nature of some of our ethical questions, but that some of the methodological insights used in economics in "tackling problems of interdependence" can be substantially useful in dealing with complex ethical problems.

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