

THE CONTRIBUTION OF EMMANUEL LEVINAS TO CORPORATE SOCIAL RESPONSIBILITY AND BUSINESS ETHICS IN THE POST-MODERN ERA

Paula Alexander Becker

Stillman School of Business, Seton Hall University, South Orange, NJ 07079

paula.alexander@shu.edu

Abstract: Emmanuel Levinas developed an ethics of inter-subjectivity and responsibility. According to the phenomenology of Levinas, moral impulse and intuition are elicited by the encounter with the Other. Encounter with the Other, particularly the face and the voice of the Other, gives rise to a sense of responsibility for that Other. Business leaders are challenged by Levinas' approach, to move from a way of doing business that insulates the corporations and its constituent members from customers and other stakeholders to engagement with the other(s) in ways that enhance their wellbeing, by creating positive social effects from the work of the corporation and engagement with corporate stakeholders.

Keywords: alterity, business ethics, corporate social responsibility, ethics of responsibility, inter-subjectivity, Emmanuel Levinas, Levinas, the Other (Autrie), phenomenology, stakeholder, stakeholders

Introduction

We live in the Post-Modern era.¹ Post-Modernism is a philosophy developed in reaction to the experience of World War II. Those who reflect on the human condition, namely philosophers, were disillusioned by the experience of World War II. Immanuel Kant's reliance on human reason and rationality became distrusted. Rule-based imperatives were discredited with the rise of Phenomenology and Existentialism.² Most of these intellectual developments occurred in Europe, the grounds of World War II. Phenomenologists and Existentialists were profoundly affected by the fact that Germany, one of the most intellectually and industrially developed nations, a home of the industrial revolution and of the development of bureaucracy, committed the human atrocities of the Holocaust. Emmanuel Levinas emerged in that context. Levinas was a Jewish Philosopher who was born in Russia (now Lithuania) and who migrated to France. Levinas was a student of Martin Heidegger, a leading philosopher of Phenomenology. Although Levinas was fully engaged intellectually with the philosophy of Heidegger, Levinas became disillusioned with Heidegger because of the latter's affiliation with the Nazis: Heidegger served as chancellor of Freiburg University under Hitler's ruling National Socialist German Worker's Party, the Nazis. In Levinas' view, Heidegger's cooperation with the Nazis demonstrated his lack of authenticity and the failure of metaphysics, an intellectual concern for Being (Dasein) divorced from ethics.³ Levinas developed an approach based on encounter with the Other (Autrie) and responsibility for the Other.

Levinas' Ethics of Inter-Subjectivity and Responsibility

Emmanuel Levinas developed an approach wherein he rejected a Heideggerian analysis of being, or a subject-object analysis as “first philosophy.” In “Is Ontology Fundamental?” Levinas understands that he breaks with “the theoretical structure of Western thought” when he articulates that “[t]o think is no longer to contemplate, but to be engaged. launched—the dramatic event of being-in-the-world...⁴ Levinas considered ethics to be “first philosophy.” Ethics is concerned with the relationship of the self to the other (autrui), but ethics is other than knowledge. The Other (“autrui”) is not an object of one's comprehension, and the fundamental being-ness of the Other is not reducible to one's comprehension.⁵ Levinas was particularly concerned that the otherness (alterity) of the other (autrui) would be diminished through intellectual comprehension of the universal human condition.⁶ Levinas understands that categorization and generalization, an inquiry of ontology and epistemology, whereby being and objects are classified as “the same,” contains the risk that the ego seeks to reduce all alterity/ otherness to itself.⁷

Furthermore, and a reason that Levinas argues that ethics is “first philosophy” is that moral impulse and intuition are pre-rational and are elicited by the encounter with the Other.⁸ The encounter with the Face of the other elicits a sense of responsibility of the self for the Other.⁹ The encounter with the Other is alternatively cast as an encounter with the Other's voice, or touch/ caress, and is based on proximity to the other. The meaning of being is presented in a face to face relationship. However the relationship to the other is fundamentally a “speaking” relationship.¹⁰ “I” means “here I am,” present to the Other in vulnerability.¹¹ To Levinas, language is proximity to or contact with the other, not communication of information. The response to the alterity of the Other is responsibility and “putting oneself in the place of the other.” “Putting oneself in the place of the other” is called “substitution” by Levinas.¹² The responsibility for the Other is not based on transactional symmetry or reciprocity.

Although Levinas' language is abstract, his approach appeals to and is verified in experience, particularly the experience of parenthood, as in the encounter of a mother with her newborn child. Some language of the ethics of responsibility is also couched in erotic love, but the imagery of silent appeal and asymmetry of relationship resonates more in the parental relationship. Although an intuitive understanding of the asymmetrical responsibility for the other can be grasped through the experience of parenthood or erotic love, Levinas extends the responsibility for the other beyond these relationships into an infinite responsibility for all others, although the content and specifics of the responsibility of the self for the Other(s) depends on the proximity to the other(s).¹³

Fulfillment of the self's responsibility to the other must acquire content to be meaningful. To do that, one must listen to the voice of the other, to determine his or her specific needs. However, there is a risk in identifying the other's needs, because the responsible self may seek to dominate the other in a well-intentioned effort to best serve the needs of the other. The voice of the other must be heard, but the issue of “whose judgment should prevail” arises in the effort to meet the needs of the other, according to the ethic of responsibility. Rooted in the conviction that I understand the needs of the other better than he or she does, I might over-ride the other's voice. The ethics of inter-subjectivity thereby swings between duty- based norms about how to meet the needs of the other and spontaneously responding to the face and the voice of the other and the expression the other's needs in this encounter.

The relationship of the self to the other becomes complicated or, at least, modified by the recognition of The Third (other): that there are other Others, to whom responsibility is owed by the self,

and which are Others to the Other, to whom the Other is himself or herself also responsible. The introduction or recognition of the presence of the Third must weigh in the self's actions relative to the Other, who is the Neighbor. The alterity of the Other commands my response to the fact that I am not alone in the world as justice.¹⁴ The concern with justice becomes intensified as the self realizes that there are other Others, "the Third," and that the Other is also a self who relates to the other Others or the Third in responsibility. For example, what are the ethics of a mother devoting so much attention to a single, disabled child that the other children in the family and her spouse are neglected? Or, is it ethical for a hospital to expend so many resources on the care of a single patient or a few patients that the hospital goes from "running in the black" to "running in the red" with the result that the hospital is unable to serve others in the neighborhood?¹⁵ Questions of justice thus arise from the presence of the Third to the self and the Neighbor.

The question arises, "Can Levinas' ethics of inter-subjectivity and responsibility enrich Corporate Social Responsibility and Business ethics in the Post-Modern Era?"¹⁶ Emmanuel Levinas' approach is that a genuine encounter with the other would avert the injuries to others perpetrated by corporations and the managers who are their agents under the guise of shareholder capitalism, economic development, and the costs of doing business.¹⁷

Application of Emmanuel Levinas to Corporate Social Responsibility and Business Ethics Using A Stakeholder Approach

The phenomena of corporate wrong-doing, corporate culture grounded in individualism and greed,¹⁸ and corporate criminal conduct weigh in favor of the notion, or at least the need for, of a business ethics based on the phenomenology of Emmanuel Levinas. The Other: The first Other for corporate managers is the Shareholder, according to Berle and Means' "Theory of Managerial Capitalism." The encounter of a corporate manager with the Other, who is a shareholder, gives rise to a fiduciary obligation of the managers to the shareholder(s) and duty of prudence. Managers must recognize the opportunity costs and expectation of reasonable return on part of shareholders in the management of corporate affairs. Equity capital is that resource most at risk, since returns to the other factors of production are guaranteed if a firm is to remain a going concern or protected if a firm declares bankruptcy. It is easy to lose a sense of proximity to the shareholder. The scandals of Robert Brennan with the securities fraud by First Jersey Securities led to the loss of lifetime savings of his investors.¹⁹ Enron's collapse led to loss of savings for employees who had vested their 401K investments in Enron stock. Enron Officers fraudulently engaged in sham transactions blocking employee shareholders from selling stock in the Fall of 2001 while the Officers were selling off shares.²⁰ Kenneth Lay and Jeffrey Skilling were later convicted of insider trading and securities fraud.²¹

However I would argue that the first "others," the others most proximate to the corporation are the customers. Customers are the purpose of the corporation, the others who are the recipients or beneficiaries of the product of the producing organization. Acts like Ford Motor Company's, and Lee Iacocca's cost benefit analysis about whether to recall Ford Pintos or to pay damages to the burn victims would never be done if Levinas' encounter with the face and voice of the other, and his approach of Responsibility to the Other were used by managers. More recently, some company officials of Sanlu Dairy Company knowingly included toxic additives, which enhanced the perceived protein content of the

infant formula but which led to kidney damage and even death among infants drinking the tainted formula.

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The Third: other stakeholders. Employees, suppliers, the environment, and communities where the firms operate constitute the Third. Levinas' approach profoundly challenges corporations to lose the anonymity of their encounters with their customers, in particular, and to regard the situation of the others, including their employees, their suppliers, and the communities in which the corporate plants are located. For example, the decision in Russia to construct Chernobyl and other nuclear power plants without a concrete dome to contain possible radioactive products of a nuclear accident, thereby shifting the risks and costs onto the surrounding community, would not be made. Totale and Unocal in a joint venture constructed a gas pipeline in Burma (Myanmar) under conditions in which the human rights of villagers were violated. Interestingly enough, the films of an extraordinary producer director, Milena Kaneva, bring face to the villagers affected by Totale and Unocal in Burma²³ and to the Ecuador villagers in the Amazon rain forest whose land and waters were polluted by the oil mining and disposal procedures of Texaco. Texaco and Chevron, which purchased Texaco, defended its actions on the basis that it conformed to the environmental law in Ecuador of the time. Corporate executive should re-consider the approach of hiding behind legalities when they know that the production standards in use in less economically developed countries are not permitted in more economically developed countries; prudence requires a re-examination of that approach, particularly as the courts in Ecuador rejected Texaco/Chevron's defense and held the company liable for eight billion dollars, now increased to about 19 billion dollars in clean-up costs and other penalties.²⁴

Implications for organizations: insularity of wealth and power. Disturbingly, face-to-face encounters of prison guards in the Nazi concentration camps with the Jewish and other prisoners did not always lead to the encounter giving rise to responsibility for the other. The guards insulated themselves from the human face and voice of the other, the prisoners in the concentration camps. Insulating mechanisms, such as referencing the prisoners by number rather than name, were at work in the case of the guards in the Nazi concentration camps.²⁵ Likewise, mechanisms are at work to insulate corporate executives from their lower-level employees and their customers. Corporations blunt the sensitivity of the self to proximate others; particularly accounting can reduce the other to impersonal terms. Corporate executives within corporations tend toward egotistic/ narcissistic pre-occupation with themselves and concentrate on how they appear to powerful others.²⁶ In identifying such narcissism, Roberts warns of a risk of a "terminal moment for ethics" because bosses within corporations "encrust" themselves in the notion that they are independent of others, thereby cutting themselves off from the fundamental premise of Levinas' ethics, openness to the Other.²⁷ Roberts points out the distancing effect of accounting systems on corporate life.

The so-called "neutral mirror" of business activity embodied in the accounting statements disembodies the work of the corporation, causing abstraction, loss of proximity with the actual work done in the corporation, and, particularly, contact with the corporation's customers.²⁸ Even though there has been a surge in the development of corporate codes of ethics starting in the 1990s, these reflect an ethics of narcissism rather than a genuine concern for the Other; codes of ethics were a shield in cases of wrong-doing by employees of the corporation under the U.S. Federal Sentencing Guidelines.²⁹ Corporations should re-focus their efforts from being seen as ethical to activating real issues of

sensibility to the Other, particularly concern for their customers, their employees, and environmental sustainability. Measures of CSR need to be developed to counteract purely financial performance embodied in accounting systems. The triple bottom line is a step in that direction. Moreover, actions of CEOs, such as Southwest Airlines former CEO Herb Kelleher, who took pride in spending one day a month at the airports working alongside SWA gate crews, establish a culture of responsibility to employees and customers.³⁰ In addition to measures of CSR, performance measures must be developed to incentivize executives to personal engagement of the corporation and its executives with its stakeholders, including, of course, shareholders/ investors.

Conclusion: Beyond Philosophy to Action

In terms of the implications of the phenomenology of Emmanuel Levinas for business organizations and their actions, business leaders are challenged to move from a way of doing business that insulates the corporations and its constituent members from customers and other stakeholders to engagement with the other(s) in ways that enhance their wellbeing by creating positive social effects from the work of the corporation and engagement with corporate stakeholders.

Appendix: Managerial Incentives for Stakeholder Engagement

A multifaceted measurement of the stakeholder engagement is required, including measurement of engagement with and effect on shareholders, bondholders, supply chain, employees, communities where the firm operates, and the environment. For each of the dimensions of stakeholder engagement, a behaviorally anchored rating system (BARS)³¹ should be developed. The rating system should include both harms and goods to the particular stakeholder. Executive compensation should be tied to the rating system. A compensation system should be developed that includes diminishment of compensation and claw backs for longer term consequences that come to light. For example, a stakeholder lawsuit would be counted negatively, with consequential reduction of executive compensation. Furthermore, prosecution and settlement with the SEC would be indicative of negative long-term relations with some stakeholders, including shareholders, bondholders, and insurers. Goldman Sachs settled its prosecution by the SEC for both selling and short-selling its CDOs.³² Under this methodology, the executives of Goldman Sachs would return compensation as a consequence of the settlement with the SEC. Instead, the reality was that the CEO of Goldman Sachs, Lloyd Blankfein, received an increase in compensation in 2010, the same year as the settlement with the SEC.³³ Compensation plans need to be developed that evaluate CEO performance over time and with respect to multiple indicants of performance, as suggested herein.

Notes

¹ Jean-Francois Leotard, *La Condition postmoderne: rapport sur le savoir* (Paris: Minuit, 1979). Translated by Geoff Bennington and Brian Massumi in *The Postmodern Condition: A Report on Knowledge* (Manchester: Manchester University Press, 1984).

² Although Levinas' doctoral dissertation was on Husserl's Phenomenology and his theory of intuition, Levinas's development of the ethics of responsibility is based on and develops phenomenology, as interaction between abstract and concrete. Levinas came to consider Ethics rather than Ontology as First Philosophy, based on his life experience and his reflections on those experiences.

³ Martin Heidegger, *Sein und Zeit*, (Tubingen: Max Neimeyer Verlag 1927. See also, Martin

Heidegger, *Being and Time*, trans. by John Macquarrie and Edward Robinson (London: SCM Press, 1962)

Martin Heidegger was the successor at the University of Freiburg to Husserl, who founded the philosophical school of Phenomenology. Heidegger was elected Rector of the University of Freiburg by the faculty in April 1933, when Adolf Hitler had been elected Chancellor of Germany; Heidegger joined the Nazi Party within a month of his becoming Rector of Freiburg. Heidegger gave several addresses which indicated his support of Nazism in Germany. See for example. "German Men and Women!", a speech delivered on 10 November 1933 at Freiburg university; printed in the *Freiburger Studentenzeitung*, November 10, 1933. English translation in R. Wolin, ed., *The Heidegger Controversy* (MIT Press, 1993), chapter 2.

⁴ "Is Ontology Fundamental?" is an essay written in 1951, and serves as chapter 1 in *Entre Nous*, a collection of essays published by Levinas, translated by Michael B. Smith and Barbara Horshav (New York: Columbia University Press, 1998). Citation to p. 3.

⁵ Emmanuel Levinas in *Entre Nous*, "Alterity and Diachrony, at p. 166.

⁶ See Emmanuel Levinas in *Otherwise than Being*, at p. 131-132.

⁷ Emmanuel Levinas in *Totality and Infinity*, at pp. 47- 48: "For the philosophical tradition the *conflicts* between the same and the other are resolved by theory whereby the other is reduced to the same..."

⁸ Emmanuel Levinas, *Autrement qu'être ou au-delà de l'essence*, 1974. Published in translation as *Otherwise than Being or Beyond Essence* (Pittsburgh: Duquesne University Press, 1998)

⁹ See also Zygmunt Bauman, *Postmodern Ethics* (Malden, MA, Blackwell Publishing, 1993)

¹⁰ Some other philosophers understand the relationship of the self to the other as a "speaking relationship." See for example, Martin Buber, *I and Thou*. See also Harold Stahmer, "Speak that I may see Thee," and John M. Oesterreicher, "The Unfinished Dialogue." For Levinas on Buber, see *The Philosophy of Martin Buber: Library of Living Philosophers Vol. 12* (Open Court Publishing: 1991).

¹¹ Emmanuel Levinas, "Substitution" in *The Levinas Reader* at p. 104.

¹² In substitution the self (moi) puts itself "in place of the other by taking responsibility for the other's responsibilities." Critchley and Bernasconi at p. 239. Levinas frames substitution as the passage of the "identical" subject to the other in sacrifice. This act of the subject is prior to consciousness and fundamental to the being of the self. See Levinas, *Otherwise than Being, or Beyond Essence* at p. 114: "The word *I* means *here I am*, answering for everything and for everyone" and at footnote 22: "Substitution is the communication of the one to the other and the other to the one..."

¹³ See Levinas, *Otherwise than Being, or Beyond Essence* at footnote 22: "It is the proximity of the third party that introduces... justice... Being will be non-indifferent... because... space belongs to the sense of my responsibility for the other. The everywhere of space is from the everywhere of faces that concern me..." The extension of the responsibility for the Other is reminiscent of "Six Degrees of Separation," wherein the hypothesis is that everyone in the world is connected to every other via a network of six persons, hence six degrees of separation.

¹⁴ See *The Levinas Reader*, on Substitution at p. 117 – 118.

¹⁵ This is a real life example, conveyed to the author in a private communication. It is likely, moreover, that such a dilemma is encountered by many other hospitals.

¹⁶ See Jean-Francois Leotard, in *La Condition postmoderne: rapport sur le savoir* (Paris: Minuit, 1979). Translated by Geoff Bennington and Brian Massumi in *The Postmodern Condition: A Report on*

Knowledge (Manchester: Manchester University Press, 1984) distinguished post-modern as philosophy and as economic production. Thus, the Post-Modern Era is the Post-Industrial Era, a phrase coined by Daniel Bell, in economic history. The post-industrial revolution is also called the Third Wave by Alvin Toffler.

¹⁷ In the business context, the “other” or others are stakeholders. The primary or most proximate stakeholder is the customer, not as finance would have it, shareholders of a corporation.

¹⁸ <http://www.nytimes.com/2012/03/14/opinion/why-i-am-leaving-goldman-sachs.html?pagewanted=all>

¹⁹ http://en.wikipedia.org/wiki/Robert_E._Brennan

²⁰ *Tittle v. Enron*, 463 F.3d 410 (5th Cir., 2006). See also, *Ruling Lets Enron Workers Sue Lay, Northern Trust Over Lost Savings*, Wall Street Journal, October 2, 2003.

²¹ http://www.usdoj.gov/opa/pr/2006/October/06_crm_723.html

²² See http://www.nytimes.com/2009/01/22/world/asia/22iht-milk.2.19593612.html?_r=0

²³ Milena Kaneva’s documentary about the pipeline in Burma, *Total Denial*, received international recognition. See <http://www.totaldenialfilm.com/>

²⁴ <http://www.businessweek.com/articles/2012-10-09/chevron-fails-to-squelch-19-billion-ecuador-verdict>

²⁵ See Luna Kaufman, *Luna’s Life: A Journey of Forgiveness and Triumph* (ComteQ Publishing: 2009).

²⁶ John Roberts, “Corporate Governance and the Ethics of Narcissus,” in *Business Ethics Quarterly* (2001), Vol. 11, Issue 1, pp 109-127.

²⁷ *Ibid.* at p. 110.

²⁸ *Ibid.* at p. 117.

²⁹ See Henry Amoroso, *The Federal Sentencing Guidelines Endorsement of Corporate-Level Restitution: Furtherance of Public Policy or Discrimination on the Basis of Entity Capitalization?*, 18 *Campbell L. Rev.* 225 (1996).

³⁰ See *Flying High with Herb Kelleher: A Profile in Charismatic Leadership*, in the *Journal of Leadership Studies*, June 22, 1999, by Jane Whitney Gibson.

³¹ Schwab, D. P., Henemen, H. G. and DeCotiis, T. A. (1975), *Behaviorally Anchore Rating Scales: A Review of the Literature*. *Personnel Psychology*, 28: 549–562.

³² <http://www.sec.gov/news/press/2010/2010-123.htm>

³³ <http://www.guardian.co.uk/business/2011/apr/02/lloyd-blankfein-executive-pay-bonuses>

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