Prospects for an Animal-Friendly Business Ethics

Brian Berkey

Abstract
Despite the increased attention that has been paid in recent years to the significance of animal interests within moral and political philosophy, there has been virtually no discussion of the significance of animal interests within business ethics. This is rather troubling, since a great deal of the treatment of animals that will seem especially problematic to many people occurs in the context of business, broadly construed. In this chapter, I aim to extend the growing concern that our normative theories should be animal-friendly to business ethics. I consider whether several popular theoretical approaches in business ethics are consistent with taking animal interests to bear on the decisions that business managers are obligated to make. I do not argue for the claim that we should reject any theory in business ethics that cannot count animal interests as providing reasons that are relevant to the moral status of managerial conduct (though I think that this is true). Instead, I proceed on the assumption that many will find this claim plausible, and argue that those who do have reason to doubt that many of the prominent theoretical approaches defended in the business ethics literature are acceptable. My main aim, then, is to show that those who believe that the correct theory in business ethics must be animal-friendly, at least in the limited sense of counting animal interests as relevant to the moral status of managerial conduct in a plausible way, will need to look beyond the main competing theories that occupy present discussions.

1. Introduction

It is now relatively uncontroversial, both among philosophers and the broader public, that non-human animals have morally relevant interests, and that therefore there are at least some ways of treating animals that are morally objectionable in virtue of the effects of such treatment on those interests.[1] Very few people, for example, would deny that it is wrong for an individual to torture a dog or a pig merely for amusement. In addition, most would agree that the most important reason why doing this would be wrong is that it would cause the animal to suffer,[2] and not, for example, as Kant famously suggested, because engaging in cruelty toward animals will tend to make a person more likely to treat human beings in morally objectionable ways (1997, p.

[1] Important early philosophical contributions to this emerging consensus are Singer (1975) and Regan (1983).
[2] I take this explanation to be consistent with both broadly consequentialist and broadly deontological accounts of the grounds of our obligations to non-human animals.

212). Most of us believe, then, that the interests of animals provide reasons that we are obligated to take into account in our moral decision-making. If this is correct, then whatever moral principles ought to govern our personal conduct will imply that the interests of animals bear, at least to some extent, on how we are morally required, permitted, and forbidden to act.

Most philosophers now accept that any plausible moral principles will have this implication. Because of this, proponents of all of the main theoretical approaches in contemporary moral philosophy tend to hold, and have aimed to argue, that their theories are animal-friendly, at least in the limited sense that they are consistent with the claim that the interests of animals provide reasons that bear on how we ought to act.[3] Moral philosophers, then, are generally able to offer explanations from within their favored theories, and with direct reference to the interests of the animals, of the wrongness of at least the worst forms of treatment that animals are subjected to by individuals. And it would be thought by most to be a serious problem for a moral theory if it could offer no account of the wrongness of such treatment that refers directly to the relevant animal interests. A theory that could not, for example, provide any plausible basis for thinking that torturing a dog for amusement is wrong in virtue of its effects on the interests of the dog, would be rejected by most philosophers on the ground that it fails to capture the powerful intuition that such conduct is wrong in virtue of its effects on those interests.

[3] It is at least somewhat more difficult to accommodate the conviction that the interests of animals bear on how we ought to act on some theoretical approaches in ethics, as compared with others. For example, while it is generally thought that consequentialist views have no difficulty accommodating it, proponents of Kantian and contractualist views have recognized the need to argue at some length that their approaches can as well (Korsgaard 2004; Scanlon 1998, pp. 177-87).

In recent years, the concern that our normative theories should be animal-friendly has generated substantial discussion within political philosophy as well.[4] Many philosophers now believe that any acceptable theory of justice must imply that animals have at least some minimal entitlements of justice that the state is obligated to protect. For example, any theory of justice that does not require that the state adopt basic anti-cruelty laws would, in virtue of that fact, be taken by at least many to be clearly unacceptable. As in the case of moral theories, then, it is now widely accepted that any theory of justice that cannot count the interests of animals as bearing on what ought to be done by the agents bound by the relevant principles (in particular state institutions) should be rejected.[5]

Despite the increased attention that has been paid to the significance of animal interests within moral and political philosophy, however, there has been virtually no discussion of the significance of animal interests within business ethics. This is rather troubling, since a great deal of the treatment of animals that will seem especially problematic to many people occurs in the context of business, broadly construed. To take just two well-known examples: (1) factory farming operations keep billions of animals each year (in particular chickens, pigs, and cows) in conditions widely thought to be morally unacceptable, and then kill them in order to produce meat; and (2) millions of animals are kept in laboratories in conditions that many believe to be morally unacceptable, and used in research that often subjects them to serious harm or risk of harm in the pursuit of business objectives that are widely believed to be insufficiently important

[4] Some important contributions are Nussbaum (2006, ch. 6), Donaldson and Kymlicka (2011), and Garner (2013). I discuss whether several widely accepted claims in political philosophy are consistent with entitlements of justice for animals in Berkey (2017).

[5] All theories of justice take state institutions to be bound by the principles of justice. It is a matter of debate whether, and if so, in what ways and to what extent, other agents such as individuals and corporations are bound by those principles. John Rawls famously held that the principles of justice apply to the institutions of the "basic structure of society," but not directly to the conduct of individuals (1999, pp. 6-9, 47). This view has been most notably critiqued by G.A. Cohen (2008), who holds that the principles of justice apply to individual conduct, in addition to institutional policy. I discuss this issue in Berkey (2015; 2016; 2017; 2018).

to justify subjecting the animals to the treatment involved in the research (think, for example, of the ways in which cosmetics and potentially dangerous household products are sometimes tested on animals).

In this chapter, I aim to extend the growing concern that our normative theories should be animal-friendly to business ethics. I consider whether several popular theoretical approaches in business ethics are consistent with taking animal interests to bear on the decisions that business managers are obligated to make. I will not argue for the claim that we should reject any theory in business ethics that cannot count animal interests as providing reasons that are relevant to the moral status of managerial conduct (though I think that this is true). I assume that many will find this claim plausible, and will argue that those who do have reason to doubt that many of the prominent theoretical approaches defended in the literature are acceptable. My main aim, then, is to show that those who believe that the correct theory in business ethics must be animal-friendly, at least in the limited sense of counting animal interests as relevant to the moral status of managerial conduct in a plausible way, will need to look beyond the main competing theories that occupy present discussions.

The specific barriers to counting animal interests as bearing on the moral status of managerial conduct vary at least somewhat from theory to theory. I will suggest, however, that a common source of the inability of the theories to count them, or to count them in a way that is theoretically plausible and genuinely animal-friendly, is the view that the principles of business ethics that apply to managerial conduct are fundamentally different than, and justified, at least to some degree, independently of the moral principles that apply to individuals' personal conduct. If I am correct about this, then an animal-friendly business ethics will likely require treating business ethics as much more continuous with moral theory than most recent work in business ethics has.

The remainder of the chapter will proceed as follows. In each of the next four sections I will consider one of the theoretical approaches in business ethics that has been developed in recent years, and argue that there are reasons to think that it either cannot count animal interests as relevant to the moral status of managerial conduct at all, or that it cannot count them in a way that is independently plausible and consistent with the aims of the approach's advocates. Section 2 will focus on Shareholder Theory, most prominently defended by Milton Friedman (1970). Section 3 will address Stakeholder Theory, which was initially developed by Edward Freeman (2001), and has come to be widely accepted, in one form or other, both by business ethicists and others in business academia and practice. In Section 4 I will discuss the Social Contract approach to business ethics, developed by Thomas Donaldson (1982), and extended by Donaldson and Thomas Dunfee in their Integrative Social Contracts Theory (1994, 1995). Finally, Section 5 will address the Market Failures Approach defended by Joseph Heath (2004, 2006). I will conclude, in Section 6, by briefly suggesting some reasons to think that developing an animal-friendly business ethics will require thinking of business ethics as more closely linked to our more general commitments in moral theory than the approaches that I discuss in this chapter allow.

2. Shareholder Theory

According to the Shareholder Theory, managers have a fiduciary duty to shareholders to make business decisions that are, as much as possible, in line with their wishes. This fiduciary duty is grounded, for most proponents of Shareholder Theory, in the claim that shareholders own the companies in which they hold shares, and that managers are therefore best understood as agents, or employees, of shareholders charged with employing company resources on their behalf, and for their benefit.[6] Proponents of Shareholder Theory typically hold that managers' fiduciary duty to shareholders is constrained by the law, and perhaps by a small number of other considerations. Friedman, for example, claims that managers are obligated to "conduct…business in accordance with [shareholders'] desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom."[7] He goes on to say that they ought to use company resources in ways that aim to increase profits, so long as they "stay within the rules of the game, which is to say, engage in open and free competition without deception or fraud" (1970).

It is not difficult to see that Shareholder Theory cannot count animal interests as relevant to the moral status of managerial conduct. Friedman, it seems to me, is best understood as holding that managers' obligation to conduct business in accordance with shareholders' desires is limited only by the law and the prohibition on deception and fraud. The reference that he makes to "ethical custom," which is sometimes interpreted as an additional limitation that he endorses, in fact occurs only as part of a description of the limitations that shareholders typically prefer managers to operate within. This suggests that he would accept that if a manager has good reason to believe that, unlike in typical cases, her shareholders actually prefer that she make decisions on behalf of the company that violate certain widely accepted ethical customs so long as doing so will be profitable, then she is obligated to do so.[8] We can, however, set this aside and assume

[6] Friedman describes managers as both "employees" and "agents" of shareholders (1970). For criticism of the view that shareholders own the companies in which they hold shares in a sense that requires, either legally or morally, that managers employ company resources only in ways that conform to their wishes, see Strudler (2017).
[7] Similarly, John Hasnas, in his broadly sympathetic discussion of Shareholder Theory, says that it "holds that managers are obligated to follow the (legal) directions of the stockholders, whatever these may be" (1998, p. 22).
[8] Since, for Friedman, both the law and the prohibition on deception and fraud are independent constraints on permissible profit-seeking in business, shareholders' preference that a manager violate the law or engage in

that Friedman holds the more restrictive view according to which ethical custom is an additional, independent constraint on the permissible pursuit of profit by managers, since even a view with this additional constraint cannot count animal interests as in themselves relevant to the moral status of managerial conduct.

Consider, for example, companies that employ factory farming practices such as keeping animals in cages so small that they can barely move. Presumably, these practices are adopted by managers because they are more profitable than alternatives in which the animals are, for example, kept in conditions that are at least somewhat more humane. Keeping animals in the kinds of conditions that are typical of factory farming operations is legal, and does not, in itself, involve deception or fraud.[9] The constraints on the permissible pursuit of profit that Friedman unambiguously endorses, then, clearly do not apply to the treatment of animals in factory farms.

It might be argued that keeping chickens, pigs, and cows in the conditions characteristic of factory farms is inconsistent with ethical custom, at least in our current society, in which there seems to be a growing consensus that animal interests have at least some moral significance, and therefore bear on the moral status of our actions. If this is correct, then at least on the more restrictive interpretation of Friedman's Shareholder Theory, managers will be obligated to avoid

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deception or fraud in pursuit of profits would not, on his view, generate a fiduciary duty to act as shareholders prefer.

[9] It is true that companies that operate factory farms often go to great lengths to conceal from the public the conditions in which animals are kept. This, it might be argued, amounts to conducting business in a deceptive manner, especially since it appears that the reason that the companies go to the lengths that they do to prevent the public from having access to information about the conditions in which animals are kept is that they are concerned that if this information were widely known, sales of their products would be negatively affected. While it is plausible that the business practices of many companies that operate factory farms are deceptive in a way that Shareholder Theorists like Friedman might object to, and that accepting that this is the case would allow proponents of Shareholder Theory to claim that the managers of at least some such companies are violating ethical obligations, it does not allow them to claim that the treatment of the animals is itself unethical, or that animal interests are, in themselves, relevant to the moral status of managerial conduct. This is because what is objectionable, according to the line of argument suggested here, is not the treatment of the animals itself, but rather the fact that accurate information about how the animals are treated is concealed from consumers. If companies that operate factory farms were simply transparent about how animals are treated in their operations, then the objection would cease to apply, despite the fact that the treatment of the animals would be unchanged.

choosing policies that will involve their companies in keeping animals in certain conditions, namely those that are widely viewed as unacceptably inhumane. This would, plausibly, include many of the conditions in which animals are kept in factory farming operations.

Even if it is true that keeping animals in these conditions is inconsistent with ethical custom in our current society, however, this would not show that Shareholder Theory can count animal interests themselves as bearing in any way on the moral status of managerial conduct. This is because the explanation of why certain ways that animals might be treated in business contexts are wrong in our society, on the interpretation of the Theory being considered, is simply that enough people happen to believe it to be wrong. It is the beliefs of these people that make it the case that the treatment is inconsistent with ethical custom, and it is the fact that it is inconsistent with ethical custom that makes it impermissible on the version of Friedman's view being considered. In order to see that, on this view, the interests of animals do not themselves bear on the moral status of managerial conduct, all that is necessary is to imagine that it ceases to be the case that anyone objects to keeping animals in the conditions characteristic of factory farms. In that case, Shareholder Theory implies that there is no morally relevant reason whatsoever for managers to avoid adopting business practices that involve keeping animals in those conditions. The fact that this would be extremely detrimental to the interests of the animals simply does not count as relevant to the moral status of their decision. Shareholder Theory, then, can at best count animal interests as relevant to the moral status of managerial conduct in an indirect way, when some relevant group of human beings happens to believe that they should be taken into account.[10] In the absence of human beings who happen to hold such views,

[10] This is true not only on the more restrictive interpretation of Friedman's view according to which ethical custom constitutes an independent constraint on the permissible pursuit of profit, but also on versions of Shareholder Theory, like that defended by Oliver Hart and Luigi Zingales (2017), according to which managers are obligated to

Shareholder Theory does not count animal interests as providing any reasons at all that are relevant to the moral status of managerial conduct. It cannot, then, constitute an animal-friendly approach to business ethics.

3. Stakeholder Theory

Stakeholder Theory was developed at least in part as a reaction to the prominence and perceived ethical shortcomings of Shareholder Theory (Freeman 2001, p. 56). Whereas Shareholder Theory holds that managers have a fiduciary duty to shareholders to make business decisions that reflect their preferences, the central claim of Stakeholder Theory is that managers have fiduciary duties to a range of stakeholders, including, but not limited to, shareholders (Freeman 2001, p. 56). According to Stakeholder Theory, managers must consider the interests of all stakeholders in their decision-making. Since the interests of distinct stakeholders will at least sometimes conflict, they will sometimes be forced to choose which stakeholders' interests to prioritize. Stakeholder Theory, as Freeman puts it, "does not give primacy to one stakeholder group over another" (2001, p. 61). Instead, it holds that managers must "keep the relationships among stakeholders in balance" (Freeman 2001, p. 61), presumably by taking all of their interests into account in an equitable manner over time.

The stakeholders of a firm, according to Freeman, include at least "suppliers, customers, employees, stockholders, and the local community" (2001, p. 56). How extensive the list of stakeholders ought to be, and on what principled basis this should be determined, is a matter of debate among Stakeholder Theorists (Starik 1995; Phillips and Reichart 2000; Orts and Strudler 2002). Freeman claims that Stakeholder Theory can include either a narrow or a wide definition

take into account shareholders' prosocial preferences rather than simply assuming, as Friedman suggests they can in typical cases, that shareholders prefer that company resources be employed in whatever way will maximize profits.

of stakeholders. On the narrow definition, stakeholders are limited to "those groups who are vital to the survival and success of the corporation" (Freeman 2001, p. 59). On the wide definition, "any group or individual who can affect or is affected by the corporation" counts as a stakeholder (Freeman 2001, p. 59). While Stakeholder Theorists need not accept either of Freeman's proposed definitions, any definition requires some criterion or set of criteria that determine who or what is included, and who or what is excluded. Any definition, then, will be either at least fairly narrow, or at least fairly wide. In discussing whether Stakeholder Theory can constitute an animal-friendly approach to business ethics, I will use Freeman's proposed definitions as examples of a narrow and a wide account, respectively. My arguments, however, will aim to highlight potential difficulties for such accounts more generally.

It might be thought that Stakeholder Theory can rather easily count the interests of animals as relevant to the moral status of managerial conduct. On either a narrow or a wide definition, it might be argued, animals (or at least some animals) will count as stakeholders whose interests must be taken into account and balanced against the interests of other stakeholders. On a wide definition, it would appear that all animals should count as stakeholders, since, at least in principle, any animal could be affected by a corporation's business practices. And on a narrow definition, many companies will, it would seem, have at least some animals among their stakeholders. Companies that operate factory farms, for example, will have to count the animals that they raise and keep in conditions characteristic of such operations as stakeholders, since those animals are clearly vital to their survival and success. This suggests that even a narrow definition might provide a basis for objecting to some of the worst forms of treatment that animals are subjected to in business contexts.

The appearance that Stakeholder Theory can be animal-friendly is, however, at least somewhat misleading. This is because while accepting a narrow definition leaves Stakeholder Theorists unable to condemn at least much business activity that will seem intuitively objectionable to those who believe that any acceptable theory in business ethics must be animal-friendly, accepting a wide definition prevents Stakeholder Theory from being the sort of theory that it is intended to be, namely a theory of the obligations of managers that is distinct from, and justified at least to some extent independently of, whatever more general moral principles apply to our individual conduct outside of business contexts.[11]

3.2. Narrow Definitions of Stakeholders

Consider the implications of a narrow definition such as the one proposed by Freeman. It is true that some animals are vital to the survival and success of some companies, and so can plausibly be counted as stakeholders on a narrow definition. It is unclear, however, what we might think the implications would be of accepting that these animals are stakeholders of the relevant companies. Imagine that Company X operates a number of large factory farms, keeping millions of animals in tiny cages and subjecting them, more generally, to a range of conditions that are widely regarded as inhumane. If these animals are stakeholders, then Stakeholder Theory suggests that the managers of Company X should take their interests into account and attempt to

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[11] For the purposes of this paper, I allow that accepting a narrow definition of stakeholders is consistent with counting at least some animals as stakeholders of some companies. Even this, however, is questionable. There are reasons to think that if stakeholder theory is to be the kind of theory that many of its proponents intend it to be, only humans will be able to count as stakeholders. Robert Phillips and Joel Reichart, for example, argue that Stakeholder Theorists must accept a narrow definition of stakeholders, and that the best understanding of the view holds that stakeholders are those who are owed duties of fairness (2000; see also Phillips 1997). They go on to claim that the relevant duties of fairness can be owed only to human beings (Phillips and Reichart 2000, p. 191). Similarly, Eric Orts and Alan Strudler (who do not themselves endorse Stakeholder Theory) argue that Stakeholder Theorists should accept a narrow definition of stakeholders that includes only "the participants in a business enterprise who have significant property rights in the firm or who have significant contractual relations with the firm" (2002, p. 219). Since animals can have neither property rights in nor contractual relations with firms, this view clearly rules out counting animals as stakeholders.

balance them against the potentially competing interests of other stakeholders, such as shareholders, customers, employees, and suppliers. As I suggested above, this obligation to balance stakeholder interests is, it seems to me, best understood as requiring managers to ensure that the interests of all stakeholders are promoted in an equitable way over time.[12] It is not difficult to imagine, however, that the managers of Company X might not be in a position in which it is possible to change company policy in a way that could achieve an outcome in which the animals are treated in a manner that is at least minimally humane, while at the same time ensuring that the company is able to remain profitable, provide consumers with products that they want at prices that they are happy to pay, maintain mutually beneficial relations with suppliers, and provide employees with fair wages and decent working conditions. This might be the case because, for example, the success of the company's business model depends, in large part, on the cost savings and production volumes made possible by the kinds of inhumane conditions in which the animals are kept. If any attempt at transitioning to a significantly more humane way of treating the animals would lead to the company no longer being able to sustain itself as an ongoing enterprise, then managers would be forced to choose between, on the one hand, continuing to subject millions of animals to inhumane conditions, and on the other, imposing potentially significant costs on a range of other stakeholders, including shareholders, employees, customers, and suppliers.

Of course, Stakeholder Theorists might argue that the possibility that some cases will have this structure is no strike against their theory, since any theory will face difficult cases in which distinct considerations that the theory takes to be relevant will support incompatible

[12] This way of understanding the requirement that managers are subject to does not, by itself, offer much in the way of guidance, since it leaves entirely open what an equitable balancing of the relevant interests might look like. This reflects a more general difficulty for Stakeholder Theory, namely that many of its formulations do not adjudicate between competing principles that might be appealed to regarding how trade-offs between competing interests should be made.

verdicts. In cases of this kind, it can be argued, the only issue is which stakeholder interests are weightier. This may be a difficult question, but in the end we should either endorse prioritizing the interests of shareholders, customers, employees, and suppliers, or endorse prioritizing the interests of the animals and insist that managers are obligated to make a choice that will predictably lead to the company shutting down.[13]

It is, of course, true that any theory must come down one way or another on difficult cases. In this case, however, it seems to me that versions of Stakeholder Theory that include a narrow definition of stakeholders will either fail to be animal-friendly, or else will offer a theoretically implausible account of the grounds of managerial obligations to avoid subjecting animals to inhumane conditions.

First, if Stakeholder Theorists claim that in cases in which economic benefits for shareholders, employees, customers, and suppliers are at stake and cannot be even partially maintained otherwise, managers are obligated to subject millions of animals to inhumane conditions, it is difficult to see how they can plausibly claim that their theory is animal-friendly. Those who are concerned that our normative theories should take the interests of animals seriously will not, I take it, find a view that permits treating animals in what are widely regarded as inhumane ways in any case in which doing so is necessary to maintain the profitability of an enterprise plausible. Such a view might give nonzero weight to the interests of some animals, and require managers to take steps to improve their treatment in cases in which this can be done without much cost to other stakeholders. This, however, seems insufficient for a view to be animal-friendly in a more than trivial sense, since it cannot even rule out many of the worst ways in which animals are treated in the pursuit of profit.

[13] The fact that a theory in business ethics implies that managers might sometimes be obligated to act in a way that will predictably lead to their company going out of business is not a reason to reject the theory. In fact, any plausible theory will have this implication in at least some cases.

Perhaps, however, Stakeholder Theorists should claim that in the kinds of cases that I have been discussing the interests of the animals should take priority over those of other stakeholders, so that managers are required to make a choice that will lead to their company shutting down. The difficulty with this view, however, is that on a narrow definition of stakeholders, the considerations that might ground this verdict do not apply in cases in which a company is not already using animals in their business practices in ways that are vital to its survival and success, and seem, in any event, to be the wrong kinds of considerations to ground the verdict.

Consider, for example, a manager deciding whether to invest company resources into opening a factory farm. The animals that would be subjected to inhumane conditions if she decides to move forward are not yet stakeholders, and likely do not even exist. Stakeholder Theorists cannot, then, appeal to their stakeholder status in order to explain why it might be wrong for the manager to choose to open the factory farm. If opening it is clearly best for existing stakeholders, then this would seem to be what the relevant versions of Stakeholder Theory will recommend. Of course, if the manager makes this decision, then once the factory farm is up and running, the animals will count as stakeholders, and the theory may then imply that the manager is obligated to shut the company down. But this is clearly an unacceptable combination of verdicts for a theory to endorse.

It might be suggested that Stakeholder Theorists can hold that the manager should not decide to open the factory farm, since it is predictable that doing so would quickly generate an obligation to shut it down. This is not entirely implausible, though notice that on this view the explanation of why it is wrong to open the factory farm is not that doing so would involve unacceptable treatment of existing stakeholders, or, as we might be more intuitively inclined to think, that it would involve unacceptable treatment of many beings with moral status. Instead, the explanation would be that it would involve making it the case that beings that have become vital to the survival and success of the company are being treated in unacceptable ways. If opening the factory farm would be wrong, I take it that this is not an especially plausible explanation of why.

I have argued that versions of Stakeholder Theory that involve a narrow definition of stakeholders face difficulties even in cases in which the animals whose interests stand to be affected can, at least in some sense, be counted as stakeholders. The most powerful objection to the claim that such views can be animal friendly, however, is that they cannot provide any basis for counting the interests of animals who are not vital to the survival and success of a company as relevant to the moral status of managerial conduct. Consider, for example, a case in which a manager at Company Y is deciding whether to implement a production process that will result in pollutants contaminating the environment in which many animals live, rendering it uninhabitable and killing all of the animals. So long as the presence of the animals in no way contributes to the profitability of the production process, or to any other dimension of the enterprise that is vital to its survival and success, the animals displaced and killed cannot be counted as stakeholders on a narrow definition. Versions of Stakeholder that involve a narrow definition, then, cannot count the interests of these animals as relevant to the moral status of the managers' decision, and so her decision to adopt the production process cannot be wrong in virtue of its effects on the animals. It seems clear to me that any view on which there is, in this case, no reason grounded in the interests of the animals not to adopt the production process cannot be considered animal-friendly.

3.2. Wide Definitions of Stakeholders

It might seem that Stakeholder Theorists can avoid the concerns that I have raised about narrow accounts by accepting a wide definition instead. As I suggested earlier, on a wide definition it would appear that all animals, in addition to all humans, will count as stakeholders, since any being could potentially be affected by different business practices that a company might adopt. A wide definition of stakeholders, then, implies that what managers ought to do when making any business decision is consider the potential impacts of each option on all of the humans and animals that would be affected, and choose the option that represents the most morally acceptable balancing of all of these interests.

While there is a sense in which this seems like a plausible enough ethical prescription, the problem for wide accounts is that they render Stakeholder Theory inconsistent with the aim, which Stakeholder Theorists generally share, of developing a theory of business ethics that does not simply direct managers to act in accordance with whatever general moral principles apply to our individual conduct outside of business contexts. To say that managers ought to consider the interests of all of the beings that could potentially be affected by their decisions is just to say that they ought to take into account all of the factors about people's and animals' interests that would be relevant even if the decision were not one being made in the role of manager. The intended separation between principles of business ethics and general moral principles would, on this view, be lost.

In addition, wide accounts of Stakeholder Theory, in themselves, provide no guidance about how trade-offs between the interests of those who might be affected by different decisions should be made. As a result, they not only add nothing relevant to managerial obligations to whatever general moral principles ought to determine how such trade-offs should be made; they do not rule out any otherwise plausible general moral principles either. Wide accounts of Stakeholder Theory, then, have the most general possible content for a moral principle that is supposed to guide decision-making, and therefore if there is any sense in which they are correct, they are trivially so. They say only that those subject to the principle should balance all relevant interests appropriately, without committing to any view about what the right ways of balancing interests look like. These views can count all animals as stakeholders, then, only by making Stakeholder Theory both trivial and a type view that its proponents do not want it to be.

4. Social Contract Theory

Social contract approaches to business ethics, like the social contract approaches that currently enjoy broad support in political philosophy, hold that the principles that ought to be followed are those that would be agreed to by rational contractors in a fair initial bargaining situation.[14] The reasons why it is difficult to include animals among those whose interests are to be taken into account within a social contract approach are clear and familiar. First, (at least most) animals are not rational agents, and so do not meet the conditions generally assumed to be necessary in order to qualify as parties to the hypothetical social contract. Relatedly, because they are not moral agents, animals cannot abide by the terms of the social contract, and so are incapable of the kind of reciprocity that is typically thought to ground both obligations under the terms of the social contract and the right to have one's interests considered in the determination of the contract's principles.

[14] Donaldson cites the historical tradition in social contract theory, including Hobbes, Locke, and Rousseau, in his initial articulation of a social contract approach to business ethics (1982, pp. 39-41). His own view, however, seems to me more in the spirit of the social contract approach of John Rawls (1999). In addition, Donaldson's later work with Dunfee has affinities with Rawls's "political turn" in his own later work (1993).

In Donaldson's original formulation of a Social Contract Theory, he states that the contract should be understood as one between "productive organizations" such as corporations and individual members of society (1982, p. 42). The basic idea is that it is members of society that, by allowing corporations to have the legal rights that they do (e.g. the right to recognition as a single agent, limited liability, etc.), enable corporations to operate and produce the benefits that they do for shareholders and management. In exchange for allowing corporations to operate, members of society are, according to Donaldson, entitled to insist that they are operated in accordance with principles that would be agreed to by members of society in a fair initial bargaining situation. The principles that Donaldson claims would be chosen are, in a sense, quite demanding. He states that members of society would insist that the central aim of productive organizations should be to "enhance the welfare of society through a satisfaction of consumer and worker interests," and claims that because "it is not in society's interest to settle for less instead of more," members of society would "choose to create organizations that observe the highest standards – to maximize welfare – and will build such standards into the bargain" (Donaldson 1982, p. 49).

While this this line of argument generates what appear to be quite radical implications regarding the extent to which managers must consider the interests of all human members of society in their decision-making, it seems clear that it leaves no room to include the interests of animals as relevant to the moral status of managerial conduct.[15] This is, of course, because animals play, and can play, no role in the political decisions that determine whether, and under what conditions, corporations are permitted to operate in society. They are not, then, entitled to

[15] Donaldson says explicitly that those to whom corporations owe obligations under the social contract can be understood as falling into two main categories, namely consumers and employees (1982, pp. 45). Since animals are neither consumers nor employees, his view clearly rules them out as among those to whom duties under the contract are owed.

the reciprocity-based consideration that grounds the obligations of managers on a social contract view.

In later work, Donaldson and Dunfee develop what they call the Integrative Social Contracts Theory of business ethics (1994, 1995). One of the distinctive features of this view, in comparison to Donaldson's earlier work, is that it is explicitly developed on the assumption that the principles of business ethics must be distinct from, and justified independently of, more general moral principles (1994, pp. 256-259; 1995, p. 86-87). The view maintains the same general structure, according to which the principles that bind managers are those that would be chosen by rational contractors in a fair initial bargaining situation (1994, p. 254, 260; 1995, pp. 93-97).

The central difference between Integrative Social Contracts Theory and Donaldson's earlier view is that according to Integrative Social Contracts Theory, rational contractors would prefer to leave individual communities "moral free space" to develop particular norms that apply only within those communities (1994, pp. 260-262). The permissible development of these community-specific norms is constrained, according to Donaldson and Dunfee, by a "macrosocial contract" that specifies "hypernorms" (1994, pp. 264-268; 1995, pp. 95-97). Hypernorms, Donaldson and Dunfee state, "entail principles so fundamental to human existence that they serve as a guide in evaluating lower level moral norms" (1994, p. 265). The structure of the view, then, is that the most fundamental principles (i.e. hypernorms), such as those that specify basic human rights and the obligation to respect the dignity of persons, bind all communities in their development of more local rules for the conduct of business, but that, within the constraints of those basic principles, communities are free to develop their own "microsocial contracts" (1995, p. 94) that determine the rules that must be followed in those communities.

One justification that Donaldson and Dunfee offer for accepting a view that permits communities to develop microsocial contracts is that individual communities may have "cultural, ideological, or religious" grounds for preferring to adopt some (hypernorm-consistent) rules rather than others (1994, p. 261), or similarly, that individuals may prefer to "participate in economic communities reflecting their personal values" (1995, p. 94). To highlight this point, they claim that "Amish farmers will wish to adhere to a business morality which, at a minimum, does not conflict with Amish beliefs, and animal rights defenders will want to work in places of business that respect animal rights" (1995, p. 94). It is clear from this that Donaldson and Dunfee view respect for animal rights as optional from the perspective of the macrosocial contract and the hypernorms that constitute its content. And this seems required by the broader structure of their view. Indeed, if anything, a social contract view according to which particular communities are morally permitted to develop their own rules for economic activity within a minimal set of hypernorms seems even less likely to be capable of being animal-friendly than the kind of view represented in Donaldson's earlier work.[16]

5. The Market Failures Approach

Perhaps the most prominent theoretical development in business ethics in recent years is the Market Failures Approach defended by Joseph Heath (2004 and 2006). Heath begins from

[16] Some might think, for example, that animals can be counted as parties to a social contract of the kind initially defended by Donaldson via a "trustee" model. I am skeptical that this approach can succeed, though for reasons of space I cannot discuss it here. Note that in more recent work, Donaldson and James Walsh claim that they are inclined to think that managers are obligated to take the interest of animals into account in their decision-making, but acknowledge the difficulty of justifying this view both within the theoretical approach that they develop and more generally (2015, p. 198).

the idea that business ethics should be treated as a species of professional ethics, akin to medical ethics or legal ethics, rather than as a site for the application of more general moral principles that apply to individual conduct (2004, pp. 72-74; 2006, pp. 534-537, 551).[17] He suggests that in order to determine the ethical limits on the pursuit of profit in business, we must first understand the reasons why we are justified in having a system in which business enterprises seek profits in the first place. His answer to that question is, roughly, that profit-seeking businesses play an essential role in ensuring the efficient operation of the price mechanism, which in turn, when functioning properly, ensures that markets will clear and that goods and services will be allocated in a Pareto efficient manner (2004, pp. 74-77). According to the Market-Failures Approach, these efficiency values that justify the system of competitive enterprise in the first place also specify the only limits, apart from the law, to permissible profit-seeking strategies. Managers, on this view, are obligated to avoid adopting profit-seeking strategies that undermine, rather than support, the efficient operation of the market. In other words, they are obligated to avoid adopting strategies that exploit market failures.

Market failures occur when competitive markets fail to produce Pareto-efficient outcomes. Examples of market failure include cases in which corporations impose costs on consumers by deceiving them about relevant characteristics of their products (Heath 2004, p. 80), cases in which corporations' operations generate environmental pollution that has negative economic effects on some members of society (for which the corporations are not required to

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[17] As he puts it, one of the distinctive features of the Market Failures Approach is "the specific account of how…constraints [on permissible profit-seeking strategies] should be derived. Rather than trying to derive them from general morality…the market failures approach takes its guidance from the policy objectives that underlie the regulatory environment in which firms compete, and more generally, from the conditions that must be satisfied in order for the market economy as a whole to achieve efficiency in the production and allocation of goods and services" (Heath 2006, p. 551). As I have suggested, I do not think that this is an especially distinctive feature of the Market Failures Approach in comparison with other prominent theoretical approaches in business ethics, though I do think that Heath is correct to view it as a more theoretically grounded version of an approach that seeks principles specifically applicable in business contexts than either Shareholder Theory or Stakeholder Theory.

provide compensation), and cases in which corporations are able to influence the prices of their goods via the exercise of monopoly power or collusion with other firms. When managers exploit market failures in the pursuit of profit, they undermine the aims that, on Heath's view, justify the system of competitive markets in the first place. Because of this, he claims that we have reason to hold that managers are obligated not to exploit market failures, and that so long as they comply with this obligation, their pursuit of profits on behalf of shareholders is permissible (and perhaps required) (Heath 2004, p. 83; 2006, p. 551).

The Market Failures Approach cannot count the interests of animals as relevant to the moral status of managerial conduct for a fairly simple reason. Market failures are defined in economic terms, so that only effects on economic interests figure in the determination of whether a particular profit-seeking strategy counts as exploiting a market failure. Companies that pollute, for example, in effect pass on the economic costs of their business activities to others, namely those whose economic interests are negatively affected by the pollution (as, for example, when individuals face higher medical bills due to a pollution-caused illness, or when individuals' property values decrease due to environmental degradation of the region). This is why companies that pollute without internalizing the costs of their polluting business activities count as exploiting a market failure on Heath's view. Animals, however, have no economic interests that can be negatively affected by business activities (or, at least, they have no economic interests that are recognized by standard economic accounts of market failure). It is clear, then, that the Market Failures Approach cannot be animal-friendly.

6. Conclusion

I have offered some reasons to think that four of the most prominent approaches in business ethics cannot plausibly be understood as animal-friendly. Though I cannot provide an extended discussion of why it seems so difficult to count the interests of animals as relevant within the most prominent theories of business ethics here, I want to offer a brief diagnosis that seems to me to suggest a (controversial) way forward for business ethicists who believe that any acceptable approach in business ethics must be animal-friendly.

Many of the challenges facing the approaches in business ethics that I have discussed arise at least in part as a result of the aim that many business ethicists have of developing and defending principles that apply to managers, in their roles as managers, that are distinct from, and justified at least in part independently of, whatever more general moral principles apply to our personal conduct outside of business contexts. One result of adopting this aim that seems difficult to avoid is that at least some considerations that will count as relevant to the moral status of our personal conduct will be screened out by the more specific principles that are endorsed as appropriately guiding conduct in business contexts. The interests of animals are just one kind of consideration that, it seems to me, will, as a general matter, tend to be screened out on approaches motivated in part by the aim of defending principles that apply in business contexts that are independent of general moral principles. My argument, then, can be taken as an instance of a more general point, which could in principle be made by discussing a range of different kinds of considerations that are widely viewed as relevant to our moral obligations outside of business contexts.

There are also more general, theoretical reasons for thinking that it is problematic to hold that the principles that apply in certain contexts, such as business contexts, screen out considerations that are morally relevant more generally. If a feature of an action or its consequences is, or generates, a reason not to perform the action under the general moral principles that apply to our personal conduct, then it is at least somewhat puzzling why that same feature might not be (or generate) a reason not to perform the action for those acting in particular roles, such as managers. In order to see this most clearly, consider any feature that seems to be relevant to the moral status of our personal conduct in the sense that it provides reasons not to act in ways that instantiate it, but that also seems likely to be screened out by views on which the principles that apply in business contexts are independent of general moral principles. Now imagine that an agent acting in a managerial capacity is considering whether to perform an action that instantiates that feature to such an extent that virtually imaginable personal conduct would be seriously wrong. It seems quite implausible to accept that its instantiation of the feature to this extent could provide *no reason whatsoever* for a manager to avoid the action in question. Any view on which some considerations that are relevant to the moral status of personal conduct are screened out by the principles that thought to apply in particular contexts, such as business contexts, will entail this possibility.

It is important to note that accepting that considerations that are relevant to the moral status of our personal conduct should not be screened out by principles that apply in business contexts does not commit us to accepting that there are not particular kinds of reasons that tend to be present only in business contexts, or that tend to have substantial weight in business contexts but not outside of them. If there are such reasons, they may have some tendency to outweigh reasons that are less often outweighed outside of business contexts. Certain kinds of behavior, or the causing of certain kinds of effects, may, then, be more likely to be permissible in business contexts than outside of them, even if my skepticism about the aim of defending principles of business ethics that are independent of more general moral principles is correct.

If my diagnosis of the inability of the approaches in business ethics that I have discussed to be animal-friendly is correct, then business ethicists who believe that whatever principles ought to guide managerial conduct should be animal-friendly will need to abandon the aim of separating business ethics from moral theory in a manner that is as extensive as these approaches seem to entail. The aim of determining which considerations are relevant to the moral status of managerial conduct, then, may overlap much more than existing discussions suggest with the aim of determining which considerations are, as a more general matter, morally significant. If this is correct, debates in business ethics will need to be more informed by more general debates in moral theory than has been the case in recent years.[18]

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[18] I would argue that business ethics should be thought to be more continuous with political philosophy as well. This view has been taken more seriously in recent years (Moriarty 2005; Heath, Moriarty, and Norman 2010).

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