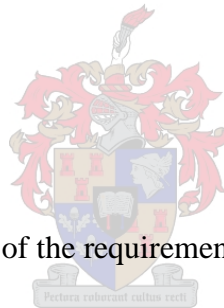


**MANAGEMENT AS COMMUNICATIVE ACTION:
HABERMASIAN PERSPECTIVES ON THE QUEST FOR RESPONSIBLE
MANAGEMENT EDUCATION**

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Thesis presented in partial fulfilment of the requirements for the degree of Master of Philosophy
(Applied Ethics) at the University of Stellenbosch

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Declaration

By submitting this thesis I, Arnoldus Tobias Smit, declare that the entirety of the work contained therein is my own, original work, that I am the owner of the copyright thereof (unless to the extent explicitly otherwise stated) and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

AT Smit

April 2019

Abstract

Management education, especially as practised in business schools, has been the subject of critical debate since the beginning of the 21st century. This was largely stimulated by concerns about the impact of business on the environment, society and the economy and the role that business schools may have played in advancing business theories and paradigms in which financial gains are given priority over sustainable development considerations. From this context of critical reflection arose a new concept, namely responsible management education, of which the intention is to inculcate in a new generation of business managers a deeply ingrained responsibility orientation towards their organisational and societal obligations.

Based on an analysis of the academic discourse and the principles and standards which inform business schools' responsible management education practices, it is argued in this study that the conceptualisation of what 'responsible management' means is an underdeveloped aspect of the responsible management education project. The study proposes that Jürgen Habermas's theory of communicative action provides a suitable epistemological foundation with which to conceptualise responsible management, namely 'management as communicative action'. Building on Habermas's concepts of communicative action, lifeworld and system, discourse ethics and moral consciousness and competence, 'management as communicative action' contains four interrelated responsibilities, namely those of caring for the business–society relationship; developing a responsible organisation; leading normatively validated decision making; and caring for personal moral consciousness and competence.

The study concludes with the implications that management as communicative action holds for responsible management education in theory and practice. It advances the idea of 'responsible management education as communicative action', comprising the tasks of making management education socially purposeful; integrating ethics, responsibility and sustainability into education and administration; making educators and students competent in discourse ethics; and developing students as morally competent citizens.

Opsomming

Bestuursonderrig, veral soos dit in bestuurskole beoefen word, is 'n veel besproke onderwerp sedert die begin van die een en twintigste eeu. Dit is grootliks gestimuleer deur die besorgdheid oor die rol in impak van sakeondernemings op die omgewing, samelewing en ekonomie en die rol wat bestuurskole sou kon speel in die oordrag van teorieë en paradigmas waarin finansiële belange prioriteit bo volhoubare ontwikkeling geniet. Vanuit hierdie kritiese nadenke het 'n nuwe konsep na vore getree, naamlik verantwoordelike bestuursonderrig. Die doel hiervan is om 'n nuwe geslag sakebestuurders op te lei met 'n integrale verantwoordelikhedsoriëntasie in die uitvoering van hulle organisatoriese en samelewingsverpligtinge.

Gegronde op 'n analise van die akademiese diskoers en die beginsels en standaarde onderliggend aan verantwoordelike bestuursonderrigpraktyke, word in hierdie navorsing geargumenteer dat die konsep 'verantwoordelike bestuur' steeds 'n onderontwikkelde aspek van die verantwoordelike bestuursonderrig projek is. Die studie stel voor dat Jürgen Habermas se teorie van kommunikatiewe aksie 'n geskikte epistemologiese raamwerk bied om verantwoordelike bestuur mee te beskryf, naamlik, 'bestuur as kommunikatiewe aksie'. Gebaseer op Habermas se konsepte van kommunikatiewe aksie, lewenswêreld en sisteem, diskoersetik, en morele bewussyn en bekwaamheid, bevat 'bestuur as kommunikatiewe aksie' vier verwante verantwoordelikhede, naamlik, die sorg vir die sakeonderneming – samelewing verhouding; die ontwikkeling van 'n verantwoordelike organisasie; die lei van normatief bekrachtigde besluitneming; en die sorg vir persoonlike morele bewussyn en vaardigheid.

Die studie sluit af met die implikasies wat bestuur as kommunikatiewe aksie vir verantwoordelike bestuursonderrig in teorie en praktyk inhou. Dit bevorder die idee van 'verantwoordelike bestuursonderrig as kommunikatiewe aksie', wat die volgende take insluit: om bestuursonderrig sosiaal doelmatig te maak; om etiek, verantwoordelikheid en volhoubaarheid in onderrig en administrasie te integreer; om opvoeders en studente vaardig in diskoersetik te maak; en om studente as moreel bekwame burgers te ontwikkel.

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Reaching understanding is the inherent telos of human speech – Jürgen Habermas

This research project was in the making for quite some time. From the beginning I was committed to doing a conceptual study on the integration of ethics, responsibility and sustainability into management education and organisational practice. This is after all the theme that occupies me in my daily work at the University of Stellenbosch Business School. What seemed to be a perfect fit from the start became an elusive target for several months as I was searching for an integrating framework to which I could connect my research interest. Then I discovered Jürgen Habermas and the study turned into the most fulfilling intellectual journey of my life thus far. Having completed this thesis, there remain many avenues of this influential thinker's work still to explore.

I acknowledge the support of the University of Stellenbosch Business School and my critical discourse with colleagues and students which contributed to my understanding of responsible management education. It remains one of the privileges of my life to work at a business school where I can immerse myself in my vocation in a fulfilling way.

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Table of contents

Declaration	ii
Abstract	iii
Opsomming	iv
Acknowledgements	v
Table and figures	viii
Abbreviations	ix
1. ORIENTATION	1
1.1 Introduction	1
1.2 Background	3
1.2.1 Sustainable development and the role of business in society	3
1.2.2 The management education discourse	8
1.3 Research purpose	10
1.4 The relevance of Habermas to management education	14
1.5 Key concepts	17
1.5.1 Communicative action	17
1.5.2 Sustainability	18
1.5.3 Responsible management education	19
1.5.4 Management	20
1.6 Overview	21
1.7 Personal reflections	21
2. THE QUEST FOR RESPONSIBLE MANAGEMENT EDUCATION	24
2.1 Introduction	24
2.2 The pathway of principles	25
2.3 The pathway of scholarly introspection	28
2.2.1 The dilemmas that confront management education	30
2.2.2 New imperatives	32
2.4 The pathway of accreditation	35
2.5 Conclusions	38
3. THE THEORY OF COMMUNICATIVE ACTION	41
3.1 Introduction	41
3.2 Communicative action: Theory, concepts and application	43
3.2.1 Communicative action	44

3.2.2	Lifeworld and system	53
3.2.3	Discourse ethics	62
3.2.4	Moral consciousness and competence	68
3.3	Conclusions	74
4.	MANAGEMENT AS COMMUNICATIVE ACTION	75
4.1	Introduction	75
4.2	Management as communicative action in four domains of responsibility	77
4.2.1	MCA1: The responsibility to care for the business–society relationship	79
4.2.2	MCA2: The responsibility to build a responsible organisation	84
4.2.3	MCA 3: The responsibility to lead normatively validated decision making	86
4.2.4	MCA4: The responsibility to develop personal moral consciousness and competence	89
4.3	Conclusions	92
5.	RESPONSIBLE MANAGEMENT EDUCATION AS COMMUNICATIVE ACTION	95
5.1	Introduction	95
5.2	Responsible management education as communicative action	96
5.2.1	Making management education socially purposeful	97
5.2.2	Integrating ethics, responsibility and sustainability in education and administration	100
5.2.3	Making educators and students competent in discourse ethics	104
5.2.4	Developing students as morally competent citizens	106
5.4	Conclusions	110
6.	REFERENCES	113

Table and figures

Table 1: AMBA, AACSB and EQUIS in relation to responsible management education	36
Figure 1: The foundational elements of Habermas’s theory of communicative action	42
Figure 2: Management as communicative action in four domains of responsibility	79
Figure 3: The four tasks of responsible management education as communicative action	97

Abbreviations

ERS	ethics, responsibility and sustainability
MBA	Master's in Business Administration
MCA	management as communicative action
MCCA	moral consciousness and communicative action
PRME	Principles of Responsible Management Education
RME	responsible management education
RMECA	responsible management education as communicative action
SDGs	Sustainable Development Goals
TCA	theory of communicative action
UNGC	United Nations Global Compact

1. ORIENTATION

1.1 Introduction

Management education, especially as practised in business schools, has been the subject of much critical debate since the beginning of the 21st century. This was largely stimulated by concerns about the impact of business on the environment, society and the economy. Despite the undeniable contribution of business organisations to human and societal development and progress over many centuries, the recent debate has raised questions about business theories and paradigms in which financial gains are given priority over a broader set of sustainability considerations. Inevitably such a conversation will bring business schools into view and lead to an inquiry about their understanding of their task; what and how they teach in business and management education; the impact thereof on their students' understanding of the managerial task; and the eventual consequences thereof for the environment, society and economy.

In this context of critical concern, much has been written lately about the role of business schools in society; the purpose of business and management education; and the necessity of integrating ethics, responsibility and sustainability into the management education curriculum. From this debate emerged an alternative narrative for management education, namely 'responsible management education'. This new direction quickly grew into the reconceptualisation of management education theories, curricula and accreditation standards, all of which are premised on the possibility of producing a generation of managers with a deeply ingrained responsibility orientation in the execution of its organisational and societal obligations.

This study supports the new direction in management education, but maintains a critical stance on the extent to which this new direction achieves its intended outcome, namely responsible management in business and organisational practice. The study presents the argument – based on an

analysis and interpretation of the academic discourse and the principles and standards which inform business schools' responsible management education practices – that the conceptualisation of responsible management is still underdeveloped in the responsible management education project. This study contends that responsible management should be capable of explaining the discursive relationship between, and the integration of, the moral–ethical and the strategic–operational dimensions of the managerial task in the practices of business organisations. The propensity in business organisations to neglect the former in favour of the latter is mirrored in the responsible management education discourse about the challenging task of integrating ethics, responsibility and sustainability in management education.

This research explores the philosophy of Jürgen Habermas with the purpose of using it to develop a conceptualisation of responsible management. The study is based on four elements in Habermas's theory of communicative action, namely communicative action, lifeworld and system, discourse ethics, and moral consciousness and competence. On the basis of these elements, a vision of responsible management is proposed. It contains four interrelated responsibilities: caring for the business–society relationship; developing a responsible organisation; leading normatively validated decision making; and the development of personal moral consciousness and competence. This vision of responsible management is referred to as 'management as communicative action'.

The study concludes with the implications that management as communicative action holds for responsible management education in theory and practice. It reconceptualises responsible management education as 'responsible management education as communicative action' and describes it in terms of four educational tasks, namely making management educational socially purposeful; integrating ethics, responsibility and sustainability in education and administration; making educators and students competent in discourse ethics; and developing students as morally competent citizens.

1.2 Background

The quest for responsible management education happens against the background of two interrelated discourses. The first discourse is of a contextual nature and deals with the global sustainable development concerns and challenges of the 21st century, specifically in terms of their implications for business organisations. The second discourse is about management education itself and inquires about the educational responsibility of business schools in relation to both the sustainable development agenda and the role of business in society. It can be argued that the research problem that this study endeavours to address sits at the interface of these two discourses.

1.2.1 Sustainable development and the role of business in society

There are three themes that stand out in this discourse, namely 1) how the sustainable development agenda evolved over time; 2) how business corporations responded to new sustainability imperatives; and 3) the almost simultaneous emergence of new thinking regarding business and the economy and a new world of uncertainty and risk. Each of these themes is discussed briefly in the sections to follow in order to provide context for the management education discourse.

1.2.1.1 Sustainable development as evolving agenda

Business management, in today's world, has to face up to several critical concerns about the state of the world in environmental, social and economic terms. Although distinctively different, these systems are dynamically interrelated and together they determine the critical concerns, boundaries, possibilities and priorities for what has become known as the sustainable development agenda of the 21st century. In this agenda, business is an actor and stakeholder together with governments and civil society organisations.

The sustainable development discourse of the 21st century is to a large extent anchored in the well-known statement that “sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development [WCED], 1987). Inherent in this statement are two concerns, namely 1) that there are limitations to the availability of resources for a growing global population; and 2) that the current generation may behave in ways that place the sustainability of future generations in jeopardy. The WCED substantiated these concerns by providing global policy directions for six priorities: population growth, food security, biodiversity, energy, industry and urbanisation.

The WCED’s work was not the first or only effort of its kind. This looming change imperative was foreseen by Malthus as early as 1798 (Malthus, 1999), then scientifically modelled in the Club of Rome’s ‘limits to growth’ report (Meadows, Meadows, Randers, & Behrens, 1972) and eventually scoped by the WCED as a first sustainable development agenda for global political and industry attention (WCED, 1987). Thereafter, over a period of 28 years, followed several conferences to create a common base of knowledge and understanding, for example the Earth Summit in Rio de Janeiro in 1992, the World Summit on Sustainable Development in Johannesburg in 2002 and, again in Rio de Janeiro in 2012. Several agreements to build commitment for action have been negotiated, for example the Kyoto Protocol in 2005, Montreal Protocol in 2007 and the Paris Agreement on Climate Change in 2015. In addition, the United Nations provided guidance for practice through goal-directed frameworks such as the Millennium Development Goals in 2000 and the Sustainable Development Goals (SDGs) in 2015. As global sustainability consciousness shifted from awareness to commitment, and from science-based evidence to global political persuasion, the terms of engagement were redefined for the whole array of actors – private, public and social – in terms of their responsibility to and impact on the state of the global commons.

1.2.1.2 The growing demand for corporate responsibility

How would business respond to an emerging sustainability agenda which is not so naturally aligned with the resource intensive, competition-based and profit-seeking drive of enterprises in the capitalist and globalising context of the late 20th and early 21st centuries? What kind of business behaviour would be regarded as appropriately responsive and responsible *vis-à-vis* that which is not? From a positive perspective there is certainly much to appreciate as guidance for the managerial task in this regard. Several examples are notable, such as the establishment of the Business Council for Sustainable Development in 1992; the adoption of ISO 14001 as an international standard for corporate environmental management in 1996; and the launch of the Dow Jones Sustainability Index in 1999, followed by the Johannesburg Stock Exchange SRI and the FTSE4GOOD Index in 2004. There is furthermore the establishment of the UN Global Compact (UNGC) in 2000; the Global Reporting Initiative (GRI) in 2002; the Principles for Sustainable Investment in 2005; the ISO 26000 for Social Responsibility in 2010; and the UNEP Principles for Sustainable Insurance in 2012. Even the adoption of a Compact for Responsive and Responsible Leadership at the World Economic Forum in 2017 in Davos may be understood as a signal that many companies, across industries, have internalised the sustainable development agenda and actively participate in the promotion thereof in collaboration with other social actors.

There is however another side to this picture, namely a narrative of corporate misconduct manifesting in events such as the Exxon Valdez oil spill in Alaska in 1989; the Greenpeace–Shell confrontation around the Brent Spar in the North Sea in 1991; the passivity of Shell around the execution of environmental activist Ken Saro-Wira in Nigeria in 1995; the Enron corporate fraud scandal in 2001; the global financial crisis of 2007; the BP Deepwater Horizon oil rig explosion in 2010; the fire in a textile factory in Dhaka, Bangladesh in 2012; the Volkswagen emissions scandal in 2016; and the Steinhoff accounting scandal in 2017 that featured in the news headlines. These,

and a multitude of similar events, mirrored the opposite of the principles and action commitments contained in the sustainable development and corporate responsibility accords that have been developed in several multi-stakeholder processes over many years. Corporate crime causes a societal trust deficit in companies and casts a shadow over the sensitivity and commitment of business managers to participate in the realisation of the sustainable development agenda (Globescan, 2016; World Economic Forum, 2013).

1.2.1.3 Emergent developments

Amid the increasing demands for sustainable development and responsible corporate behaviour, two seemingly opposite developments have emerged. The first one is indicative of a paradigm shift in economic and business models. It latches on to newly emerging ideas such as social enterprise (Mair & Noboa, 2003); the circular economy (Nguyen, Stuchtey, & Zils, 2014; Schulte, 2013); conscious capitalism (Mackey, 2011; J. Mackey & Sisodia, 2013; Mintzberg, 2015); artificial intelligence (Brynjolfsson & McAfee, 2015); the Fourth Industrial Revolution (Schwab, 2017); and new forms of currency and accounting as represented by concepts such as bitcoin and blockchain. These new developments signify the unravelling of the dominant mental model of capitalism, a search for new expressions of business in terms of both purpose and impact, the emergence of new forms of labour and production, and disruption in the conventional forms of currency and financial flows and accounting. One could talk of a simultaneous shift in human consciousness and technology, signalling the advent of a new economic order. While there may be less clarity on exactly which of these developments will align best with the sustainable development agenda, what new sustainability challenges might be introduced by them and how they will disrupt established conventions about the meaning of enterprise and the management of companies, they are already making an impact on the business–society relationship. In the midst of these new developments it may not always be clear what stakeholders will either demand or resist in terms of business

processes, products and services. These matters will inevitably demand a place on the managerial agenda of most contemporary business organisations.

The second, equally disruptive, development points in the opposite direction. It represents a new season of risk, uncertainty and transition (Savio, 2018) that the world entered into in about 2016. In the same year that the UK electorate voted in favour of leaving the European Union (popularly referred to as Brexit), the American voters elected Donald Trump as president. Whereas the formal acceptance of both the SDGs and the Paris Agreement in 2015 signalled a worldwide commitment to collaborate in the matter of sustainable global well-being, Brexit and Trumpism pointed towards the protection and prioritisation of national self-interest. These developments were soon echoed in many other regions and countries, with conservative and nationalist sentiments manifesting more boldly on the political landscape. In a world that needs multilateralism in order to find solutions for sustainable development challenges, there is now a resurgence of national protectiveness which might derail many of the progressive gains achieved up to 2015. The most crucial of these may be the loss of urgency around climate change commitments, which Savio (2018) refers to as “the macroscopic example of a general anesthesia”. Because of the complexity of the climate change conundrum and its interrelatedness with virtually every other aspect of the sustainable development agenda, any signal of lesser commitment or withdrawal by significantly powerful countries will have an influence on economic policy development as well as the regulatory imperatives for companies. Consequently, in a globalised business environment where the rules of participation and competition around something as central and common as climate change differ from country to country, there will invariably be a trend to do business where demands are fewer, where subsidies favour vested interests in yesteryear’s technologies and energy sources, and where more profit can be earned at a lower cost. If responsible business management is henceforth to be viewed as active allegiance to sustainable development, what standard will now determine what such responsibility

entails and what kind of company and manager will uphold what is in the best interests of the global commons? This study attempts to provide an answer to this question.

In conclusion, it can be said that the nature of the business–society relationship is co-determined by what emanates from the global sustainable development agenda, society’s demand for responsible and trustworthy corporate behaviour, the murkiness of political and policy instability across the world and the emerging sprouts of disruptive concepts and innovations in the economic realm. Business management has therefore to engage with a busy marketplace of stakeholders where regulatory imperatives and customer demands combine with social dynamism around several issues ranging across the spectrum of economic, social and environmental causes. In terms of the focus of this research assignment, the following question comes to the fore: How are these challenged contained in the managerial task attended to in the responsible management education project in business schools?

1.2.2 The management education discourse

Business organisations and business schools share a symbiotic relationship. The knowledge and educational needs of business will inevitably be echoed in the teaching, learning and research agenda of business schools. What happens in the management education arena will, in turn, influence business praxis in terms of both purpose (what business exists for) and practice (how business is managed). When potential or real neglect of sustainable and responsible practices is exposed in the business sector, business schools are immediately confronted on whether and how they have responded to such misconduct.

Since the transition into the 21st century, there has indeed been ample evidence of a different discourse evolving in management education circles. While this is examined in substantial detail in chapter 2, it is of relevance here to highlight three different, but complementary responses, namely the initiation of a collective movement around a framework of guiding principles; the emergence of

a critical debate about the purpose and role of management education; and the renewal of business school accreditation standards.

In 2007 a group of university presidents, and deans and representatives of leading business schools and academic institutions developed what is today known as the Principles for Responsible Management Education (PRME). The PRME were meant to serve as a guiding statement on the response of management education to what was transpiring globally in terms of the sustainable development and corporate responsibility agendas. In six principle statements the PRME point to the necessity of management education to attend to sustainable development and corporate responsibility imperatives through teaching, learning and research on the one hand and active engagement (partnership and dialogue) with business corporations and other societal stakeholders on the other. Where the PRME initiative stands today is attended to again in chapter 2.

The debate about the purpose and role of management education emerged primarily around three focal concerns, the first of which was the role of ethics in management education. Ghoshal (2005) is regarded as one of the first and also the most seminal voice in pointing out how the management theories taught at business schools (e.g. agency theory, transaction economics and game theory) may have contributed to the proliferation of business behaviours with immoral consequences. The second concern, namely about the purpose and composition of the MBA curriculum, was investigated by Datar, Garvin, and Cullen (2010), who asserted that too little has been done in terms of the holistic development of business school students as persons and practising managers and the role of business schools in society. The third concern, namely that business schools have lost sight of the importance of their influence and role in society, was elaborated on in a collection of articles under the editorship of Morsing and Rovira (2011). All three these concerns are attended to in more detail in chapter 2.

Both the PRME and the scholarly debate paved the way for accreditation institutions to exert their influence on the future direction of management education. These agencies are stakeholders in shaping the purpose, contents, processes, standards and outcomes of business and management education the world over. Currently, the three most influential accreditations are the Association of MBAs (AMBA) (Association of MBAs, n.d.), the Association to Advance Collegiate Schools of Business (AACSB) (AACSB, n.d.) and the European Quality Improvement System (EQUIS) (European Quality Improvement System, n.d.), also respectively referred to as the UK, US and European standards. The business environment and educational discourse of the period 2000–2010, specifically in relation to the need for ERS integration, eventually influenced the composition of the accreditation standards set by all three of these institutions. How exactly these standards attempt to steer management education in this new direction is addressed in more detail in chapter 2.

1.3 Research purpose

In view of the argument thus far, there seems to be a broad consensus that, apart from a natural interest in financial prosperity and economic progress, business and management education should engage purposefully in the well-being of society and the environment. This consensus further extends to the view that this should be a holistic and integrative endeavour through which the practices of teaching, learning, research and engagement produce management graduates who will have not only the success of their organisations, but also the resolution of society's complex sustainable development challenges at heart. Towards achieving this goal, the consensus further seems to be that ethics, responsibility and sustainability should be thoroughly integrated into the management education curriculum as well as the institutional life of business schools.

Stimulated by the developments in the broader sustainable development and corporate social responsibility context, and since the inauguration of the PRME and the renewal of the accreditation standards, business schools have indeed made efforts towards making management education more

responsible. It will be hard to contradict the positive value created by the integration of ethics, responsibility and sustainability in teaching, learning and research, and especially the linkage thereof with the advancement of the United Nations' Agenda 2030 and the SDGs (Godemann, Haertle, Herzig, & Moon, 2014; Haertle, Parkes, Murray, & Hayes, 2017). However, the outcomes of this development should not simply be assessed by the identifiable evidence of curricular amendments. There is also a need for reflecting critically upon that which responsible management education claims to result in, namely responsible management and, even more so, responsible managers.

Whereas much is written about responsible management education, this is not the case with 'responsible management', nor with 'the responsible manager'. This view is supported by the outcomes of a study (Nonet, Kassel, & Meijjs, 2016) in which, after conducting an extensive literature review, the authors conclude that responsible management remains an undefined concept, even in the PRME itself. As they point out, this is in contrast with the abundance of literature available on topics such as responsible leadership and corporate responsibility. In order to address this gap Nonet et al. (2016) then turned to business school students, who were exposed to courses linked to responsible management, in order to solicit their views of what responsible management might mean for them. Having done a qualitative study, using a mind-map-based methodology involving 92 students from four leading business schools with firm responsible management education reputations, Nonet et al. (2016, p. 729) then deliberately chose not to define 'responsible management', but to offer what they call a 'definition set' based on students' perspectives on what responsible management could mean for them. Noteworthy of this definition set is the centrality of personal virtues, values and ethics in managerial decision making in the midst of two sets of polarities, the first of which is the polarity between short-term and long-term consequences, and the second is the polarity between groundedness in the realities of life versus a higher purpose orientation. This approach of Nonet et al. (2016) certainly comes closer to an understanding of

responsible management as a multifaceted personal capability. What it still does not achieve, however, is to conceptualise responsible management in a comprehensive manner.

The peculiarity of the situation is thus that an abundance of research exists on responsible management education and the concepts and prescripts for ensuring both its theoretical soundness and practical relevance, but at the same time there is a dearth of clarity about the outcomes of responsible management education, namely responsible management in personal and organisational terms. There may be different reasons for this situation, one of which is the rational bias that the right teaching (responsible management education) will produce the right outcome (responsible management). It may also be that business and management education has over more than a century arrived at a point where implicit assumptions about what ‘management’ or ‘manager’ means no longer need to be explicated over and above the focus on the organisational functions and complexity of challenges and risks that managers are faced with in a globalised and digitalised world. It is also possible that the theorising about management vis-à-vis leadership and the shift in attention towards the latter, even in business schools, in recent years has lowered the demand for engaging conceptually and critically with the fundamental underpinnings of the managerial task. Henry Mintzberg (2013, p. 1) eloquently states that “a half a century ago Peter Drucker (1954) put management on the map. Leadership has since pushed it off the map”.

If it is indeed the case that ‘management’ and ‘manager’ have taken a secondary place in the household of management education and that leadership has become the focal point of conceptualisation, it may help to explain two things. The first refers to why the literature on responsible management education is so silent about what it implicitly claims to produce, namely responsible management. The second refers to why ethics has had such a hard time finding an integrated place in managerial discourse and, therefore, in the financially and operationally dominated subjects of the management education curriculum, but not so in the leadership discourse

where its significance and utility are to be found in an inventory of personal and interpersonal soft skills. It therefore seems to be easier to speak of ‘responsible leadership and leaders’ than of ‘responsible management and managers’. As a result, one is left with an artificial differentiation where it is in order to speak about leadership in moral terms while management is largely associated with instrumental utility in order to achieve operational and financial outcomes (see Hühn, 2014, for an extensive discussion on this phenomenon). For responsible management education to deliver on its implicit promise, this dualism will have to be made explicit, and overcome.

It is the objective of this study to contribute to the conceptualisation of ‘responsible management’ and the consequences thereof for management education. Instead of following an empirical approach, such as with the study of Nonet et al. (2016) or an eclectic approach informed by potentially useful and related theoretical frameworks, this study utilises the work of Jürgen Habermas to conceptualise the idea of responsible management. The objective is threefold, namely:

- 1) to demonstrate that the integration of the moral-ethical and strategic-operational dimensions of the managerial task is both essential and possible;
- 2) to offer a conceptual framework for responsible management based on Habermas’s theory of communicative action; and
- 3) to explain the implications of this approach for responsible management education in theory and practice.

Basing this research on the work of Habermas stems from the conviction that the responsible management education discourse, valid as it may be within its own fraternity, has arrived at a point where it is in need of an external perspective by means of which some of its fundamental assumptions and claims can be critically tested. The integration of ethics, responsibility and sustainability as one of the fundamental assumptions of ‘responsible management education’ needs an integrative framework in order to achieve its intended purpose and impact in business and

organisational practice. Although there is a focus on the need for such integration in the PRME and the standards and criteria of the business school accreditors, such a framework does not currently exist. The task of developing such a framework needs to deal with the interrelationship between business, society and management education. It has test the willingness of management educators and students to exercise social critique, to think through the societal impact of what is being taught and learned and to engage with stakeholders beyond the boundaries of economics and business. It, furthermore, requires critical engagement with the prevailing epistemological foundations of management education. Ultimately, the task entails the attainment of conceptual and methodological clarity about the transversal integration of ethics responsibility and sustainability across all the disciplines of management education, as well as how to make it educationally effective for the development of responsible managerial knowledge, skills and attitudes in business and organisational practice.

1.4 The relevance of Habermas to management education

There are several reasons why Habermas's work is relevant for the responsible management education discourse. Firstly, there is the mere biographical observation of his active intellectual and critical engagement, over more than six decades. He concerned himself with the rebuilding of the post-World War II world, the emergence of postmodernity, the emergence of globalisation, the fractures and insecurities of the current period and the influence of these transitions on the shape of modern-day democracy and capitalism (Bohman & Rehg, 2014; Finlayson, 2005; Pensky, 2014). This critical and intellectual engagement with the state of the world brings out perspectives which the RME discourse cannot do without, at least not if it wants to connect seriously with the current sociohistorical context and, within that the business–society relationship.

Secondly, there is the observation that Habermas can be described as an interdisciplinary theorist (Finlayson, 2005) and thereby a systems thinker, working with holistic frameworks capable of

being applied over a broad spectrum of scholarly and or practice-based issues and conversations. His work is an example of how philosophy, sociology, psychology, economics, law and politics can be held together in critical discourse with academic and practical relevance. Business schools are interdisciplinary academic communities by design and they have a strong orientation to be relevant for the variety of sectors and industries from which their students originate. However, this in itself does not guarantee that the education they offer will necessarily be of a truly interdisciplinary, holistic and systemic nature. If the latter were indeed the case, the current quest for the integration of ethics, responsibility and sustainability into management education would not have been as necessary as it has recently proved to be. Habermas's work offers both an epistemological and methodological framework on the basis of which the discourse among management education disciplines as well as the transversal integration of ethics, responsibility and sustainability across all of them can be improved. This consideration is at the heart of what this study is about.

A third motivation relates to some of the main themes in Habermas's work, namely critical theory, communicative action, moral consciousness, discourse ethics, and deliberative democracy (Bohman & Rehg, 2014; Edgar, 2006; Finlayson, 2005; Fultner, 2014; Pensky, 2014). Business schools will have to consider these themes as they attempt to restore their relevance for society. Even if it can be argued that business school students are primarily interested in business and management-specific disciplines, they still remain citizens of society and may (eventually) work for organisations which are stakeholders in the well-being of society. It is therefore essential that business schools educate their students in such a way that they will be capable of considering both the moral–ethical dimensions of the managerial task in a societal context together with the strategic–operational dimensions thereof. This may necessitate the reconceptualisation of the purpose, contents and process dimensions of management education, or at least some of the elements thereof. Habermas's work, as will be argued in this study, offers valuable perspectives on how this can be pursued.

Lastly, it is especially Habermas's theory of communicative action that is of central interest to this study. In *The Theory of Communicative Action* (Volume 1, 1984; Volume 2, 1987) Habermas presents his views on 1) a concept of rationality as being essentially communicative and intersubjective; 2) a two-level concept of society consisting of the lifeworld and the system; and 3) a theory of modernity that explains the pathologies in today's society by showing how the communicatively structured domains of life are being subordinated to the imperatives of the state and the economy as autonomous and formally organised systems of action (Habermas, 1984, Kindle location 685). Of specific relevance, furthermore, is the distinction Habermas makes between communicative and strategic action. In *communicative action* "speakers coordinate their actions and pursuit of individual or joint goals on the basis of a shared understanding" (Bohman & Rehg, 2014, p. 14). In *strategic action* the "actors are not so much interested in mutual understanding as in achieving the individual goals they each bring to the situation" (Bohman & Rehg, 2014, p. 14). This distinction ties back to lifeworld–system distinction, namely that it can be argued that in the 'system' strategic action dominates, while in the 'lifeworld' communicative action dominates. What happened in Western modernity, according to Habermas (as cited in Bohman & Rehg, 2014, p. 8), is that the growth of systemic mechanisms of coordination overpowered the communicative consensus among people. In other words, money and power as instruments of the system became the coordinating/organising forces of society, thereby "colonising the lifeworld" of citizens and societies. These concepts and distinctions, as presented by Habermas in his TCA (Habermas, 1984; 1987), form the foundation of this study for a conceptualisation of responsible management which can be operationalised in both business organisations (see chapter 3) and management education (see chapter 4).

Finlayson (2005) refers to Habermas as "a purveyor of grand theory", asking "big questions about the nature of modern society, the problems facing it, and the place of language, morality,

ethics, politics, and law within it” (Kindle location 246). This is exactly the kind of critical companion that the responsible management education project now needs.

1.5 Key concepts

Broadly speaking there are four concepts central to this study, namely sustainability, responsible management education, management and communicative action. None of these concepts are isolated from the broader epistemological and semantic contexts in which they are used. In light of this, it seems important to explain in advance how they will be understood and referred to in the context of the study itself.

1.5.1 Communicative action

Habermas, over the length of his long career, developed several theoretical frameworks, or research programmes as referred to by Finlayson (2005), which together represent a philosophical oeuvre with interrelated parts. These parts are all connected while at the same time representing the progression in his thinking as he responded hermeneutically to the ever-evolving sociopolitical context around him. His theory of communicative action (TCA) can in many respects be regarded as the heart and core of his work. What makes it relevant in this research is the potential that it has for providing the task of management with a central metaphor and definitive framework in the context of which concept of responsible management can be operationalised. If, in Habermasian terms, communicative action provides an environment for shared understanding, meaning making and coordinated action among individuals, then such communicative rationality should be able to identify and apply the moral–ethical considerations involved in business management and decision making to the strategic orientation which characterises the operations of most business organisations.

Management, conceptualised as a form of communicative action, is in this study (see chapter 3) presented in terms of four responsibilities, namely 1) caring for the business–society relationship; 2)

developing a responsible organisation; 3) leading normatively validated decision making; and 4) developing personal moral consciousness and competence.

1.5.2 Sustainability

Sustainability is a multifaceted term, the meaning of which may vary according to the context in which it is used. From one perspective it can be understood as the ideal end state of a process of sustainable development (Meadows et al., 1972; World Commission on Environment and Development, 1987), while from another it may be more closely related to whether economic, social and environmental systems and the relationships between them are sustainable over time (Elkington, 1998; Espinosa & Walker, 2011). At its core, sustainability represents the discourse about the current state and future outlook of life (human and other) on a finite planet with limited resources and the transitions to be navigated in order to avoid disaster and achieve a state of development that will be just and fair to all concerned (Swilling & Annecke, 2012).

From a business perspective, the concept of sustainability is mostly associated with matters such as risk, impact and accountability. In this context ‘risk’ refers to the environmental, social and economic conditions that may influence long-term business sustainability, performance and value creation. ‘Impact’, on the other hand, refers to the contribution that business makes, either positively or negatively, to the current conditions and future outlook of the environment, society and economy as interrelated and interdependent systems. ‘Accountability’ represents the ways in which business organisations engage with and disclose to stakeholders (inclusive of shareholders) how they are dealing with their sustainability imperatives in terms of both risk and impact, especially by means of applying frameworks such as the Sustainable Development Goals, the United Nations Global Compact, the Global Reporting Initiative and Integrated Reporting.

The management education link with sustainability is especially manifested in the PRME and the accreditation standards such as AMBA, AACSB and EQUIS. This link can therefore nowadays be expected to be present in the curricula, institutional operations and also the social impact-oriented projects of business schools. This is mostly referred to as the integration of ethics, responsibility and sustainability in management education.

1.5.3 Responsible management education

In this study, responsible management education refers firstly to a movement that came about around the turn of the century, with a focus on the renewal of business and management education in the face of sustainable development and corporate social responsibility concerns. Secondly, it refers to a repository of principles, standards and criteria that can effectively guide such a new responsibility orientation. Thirdly, it refers to the discourse about the epistemological assumptions and methods by means of which the ideals behind the integration of ethics, responsibility and sustainability can best be fulfilled (Rasche & Gilbert, 2015). In order to keep the focus of this study within reasonable bounds, as well as to work from a generally accepted point of departure among business and management educators, the principles, standards and criteria contained in PRME, AMBA, AACSB and EQUIS provide the focus and starting point of the discourse, augmented by perspectives from scholarly publications on RME.

Furthermore, it needs to be said that responsible management education is not only of concern to business schools. Business and management education is presented at several other types of educational institutions. What makes this study so pertinent to business schools is determined by the set of principles, standards and criteria in view of which responsible management education is both informed and evaluated. It therefore needs to be added that the applicability of the outcomes of this research may be informative beyond business schools.

1.5.4 Management

In this study the concept of ‘management’ refers to both the organisational and personal aspects involved in managing a business organisation. There is no pretention here of covering the broad and complex range of managerial duties and challenges present in a modern-day business organisation; this has been done by various well-known scholars such as Peter Drucker, Michael Porter and Henry Mintzberg, to name a few. Nor is there the pretention to work out an alternative management theory. It is the responsible management education connection which is of central interest in the context of this study. The focus of the study is on the possibility of educating candidates for ‘responsible management’ by means of reconciling the moral–ethical and strategic–operational dimensions of the managerial task in personal and organisational terms. In the end the responsibly educated manager has to enact the task of responsible management within a business organisation in the context of a complex set of sustainable development and corporate responsibility challenges and operational imperatives.

It can be argued that the task of management is not limited to business organisations alone, but is present in various forms of human collaboration across different domains of society. Nor do only business managers attend business schools. Good management is key for public and social sector organisations as well, and managers from both types attend business schools. It cannot be denied, however, that managers from business organisations represent the foremost target audience of business schools and that it is exactly these managers that are the primary focus and concern of the responsible management discourse. The question at the heart of this discourse is how business managers can be adequately educated to conduct themselves and manage their businesses in ways that are ethical, responsible and sustainable.

1.6 Overview

Following this introduction, the next chapter is dedicated to the quest for responsible management education. Building on the arguments in this chapter, there is an in-depth discussion of the fault lines and imperatives which challenge the renewal project of management education combined with a critical examination of the ability of PRME and the accreditation agencies to provide the necessary ethical, epistemological and methodological guidance towards the development of responsible managers.

In chapter 3 the focus is on four key concepts in Habermas's theory of communicative action, namely communicative action, lifeworld and system, discourse ethics, and moral consciousness and competence.

In chapter 4 the conceptualisation of management as communicative action is described in terms of four responsibilities: caring for the business–society relationship; developing a responsible organisation; leading normatively validated decision making; and developing personal moral consciousness and competence.

The last chapter draws conclusions about the implications of the research for responsible management education, with special reference to the alignment of the epistemological, educational and institutional factors which may be essential for developing managers who are capable of communicative action in both the moral–ethical and strategic–operational sense of the word.

1.7 Personal reflections

My interest in this research topic deserves some explanation. I work at the University of Stellenbosch Business School (USB) where my teaching and research revolves around the integration of ethics, responsibility and sustainability in personal and organisational decision making and practice. USB is a PRME signatory and one of fewer than one hundred business

schools in the world accredited by AMBA, AACSB and EQUIS. On the face of it, it seems that USB provides enough evidence of doing responsible management education, having in place shared understanding of what responsible management entails and how the processes and patterns of integrating ethics, responsibility and sustainability across academic programmes and disciplines and in between institutional layers and silos could work in order to enhance the desired educational outcome. In practice, however, this remains a work in progress and there is still much to learn and achieve along the way. I therefore believe that this journey with Habermas will benefit both my own understanding of how to put the integration of ethics, responsibility and sustainability at the service of educating responsible managers and that of USB in terms of shaping an educational framework in which these concepts are thoroughly embedded.

Prior to joining USB, I worked as a senior manager in a financial services company. I was therefore personally confronted with the questions and challenges about a business's systemic embeddedness in society in relation to its purpose, role, product offerings and reputation. I do know about the challenges of building a responsible business, especially at an executive management and governing board level where strategic expedience encounters the values-based dimensions of internal and external stakeholder relations. More than once, I was engaged in the moral complexities of decision making regarding matters such as recruitment and appointments, the apportionment of salary increases and the treatment of suppliers. In addition, I was constantly having to strain my own sense of personal moral consciousness and the values-based foundations from which I was operating. I often realised that my schooling in ethics, via my initial studies in theology and my specialisation in the hermeneutic aspects of collective decision making, was not sufficient to equip me for the complexities of responsible management in a competitive business context. Now, in hindsight, I can see the value of the Habermasian approach to communicative action as an epistemological foundation for responsible management, for me in my former corporate sphere and for the students and managers with whom I work at present.

I also expect to extract value from this Habermasian journey in my work as facilitator of values-based conversations, programmes and processes with management teams, organisations and governing bodies. Habermas's theory of communicative action holds much promise for both the theory and method of facilitated discourse, especially in multistakeholder processes around complex sustainable development challenges.

Since this study does not entail any form of interview-based engagement with others, it is exempt from obtaining ethical clearance from Stellenbosch University.

2. THE QUEST FOR RESPONSIBLE MANAGEMENT EDUCATION

2.1 Introduction

For the global business school community, the 21st century ushered in a season of introspection. As global sustainability concerns increased in prominence, the critical debate about the purpose of business and its role in society (Polman, 2014; Prinsloo, Beukes, & De Jongh, 2006; Schwab, 2008) could not be ignored by the business and management education sector. Business schools were confronted by questions about their readiness to equip students for leading and managing business organisations in a world faced with several economic, social and environmental challenges. Consequently various role players began to grapple with questions about the purpose of business schools and their relationship with business and society. This eventually delivered a fruitful harvest of scholarly work, as well as new approaches to management education frameworks, methods and standards.

It has already been pointed out in chapter 1 that the responsible management education debate can be viewed from three complementary perspectives, namely that of principles (PRME), that of a scholarly debate and that of standards (of the accreditation agencies). Although these perspectives developed from three different vantage points, they have since the beginning shared the same concern, namely the quest for a legitimate and effective response to the challenges posed to management education by the global sustainable development and corporate responsibility concerns of the 21st century. Over almost a decade, i.e. in the period between 2005 and 2015, there developed a growing consensus about the necessity of integrating ethics, responsibility and sustainability in the academic and institutional life of business schools. In the rest of the chapter, this discourse is examined in more depth in order to arrive at an evaluation of what has been achieved and what gaps still remain. On this basis it will be possible to envision the contribution of this study towards

further enhancing the intentions of responsible management education project in both educational and organisational practice.

In the first part of this chapter the focus is on what transpired in the PRME initiative in the period between its inception in 2007 and its decennial anniversary in 2017. The second part is committed to about ten years of intense academic introspection since Sumantra Ghoshal's seminal clarion call (2005). Lastly, the focus moves to how the three leading accreditation standards (AMBA, AACSB and EQUIS) have since 2012 attempted to steer the responsible management education development trajectory.

The purpose of the chapter is to further examine the hypothesis underlying this research, namely that despite the focus on responsible management education, a holistic and integrative framework of what 'responsible management' entails is still underdeveloped in the responsible management education project. An understanding of responsible management should be able to improve the capacity of practising managers in business organisations to effectively integrate moral–ethical considerations into the strategic–operational dimensions of their task. Integrating ethics, responsibility and sustainability in management education that does not translate into integrating them in business and managerial practice has still not succeeded in its intentions.

The metaphors of 'quest' and 'pathways' are used here in order to express the exploratory nature of this work. While there is a broad consensus about the imperative for a new direction in management education, it is still too early to speak about conclusive answers. Different 'pathways' are needed and are indeed followed. The three pathways explored in this chapter are those of principles, scholarly introspection and accreditation.

2.2 The pathway of principles

Established in 2007, the PRME was created as “a platform to raise the profile of sustainability in schools around the world” and to engage “business and management schools to ensure they provide

future leaders with the skills needed to balance economic and sustainability goals” (UN PRME, n.d.). Ten years later, in 2017, the PRME’s vision has become even more explicit in this regard, namely “to realise the Sustainable Development Goals through responsible management education” and “to transform business and management education, and develop the responsible leaders of tomorrow” (UN PRME, n.d.).

Since this study is particularly interested in the relationship between responsible management education and responsible management in practice, it is worth inquiring whether PRME’s six principles provide any direction in this regard. There are indeed several references to mention, the most comprehensive of which is the first principle, namely “We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy” (UN PRME, n.d.). Thereafter follow references to the incorporation of “the values of global social responsibility” into academic and organisational practices (principle 2); the engagement in research “that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value” (principle 4); the interaction with “managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities” (principle 5); and multi-stakeholder dialogue “on critical issues related to global social responsibility and sustainability” (principle 6). At least on face value these principles portray a high level of contextual awareness combined with a vision about the purpose and focus of responsible management education. Notable is the reference to students, namely in principle 1, where there is mention of the development of their capabilities as future generators of value; and in principle 3, where reference is made to learning methodologies, which should avail them of effective learning experiences for responsible leadership. There is no reference to “responsible management” as such, raising the question about whether leadership and management are regarded as synonyms and can therefore be used interchangeably or not. This is a reminder of the claim of Nonet et al. (2016) in

chapter 1, namely that the PRME seems not to have defined ‘responsible management’ at all. It aligns to the contention of this study not only to view this as an omission in PRME, but to endeavour to provide a conceptualisation thereof that may be useful for both education and organisational practice.

Several other concepts may deserve more exact definition as well. What, for example, is meant by “sustainable value for business and society” (principle 1), or “the values of global social responsibility” (principle 2), or “the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic values” (principle 4)? While it is in the nature of principles not to be prescriptive and to maintain openness to interpretation, contextualisation and integration, it cannot be denied that these concepts are of epistemological importance in a management education context. Not only is it important to register the difference between the meaning of values and value; it is also imperative to be explicit about what these concepts mean in the context of both management education and business in practice. The propensity of business organisations to define ‘values’ in strategic terms and ‘value’ in financial terms should not be underestimated.

Over a period of 10 years the PRME accumulated more than 600 signatory business schools from all over the world. Its intentions and activities are carried out by a regional chapter structure and a host of working groups. The year of its decennial celebration, 2017, provided an ideal opportunity to take stock by means of a special issue of *The International Journal of Management Education*. In the first paper, Haertle et al. (2017) provide an overview not only of what transpired since the PRME’s inception, but also a preview of how the next decade and beyond may be determined by the PRME’s explicit support of the advancement of the SDGs. They rightfully claim that “PRME’s signatories have already begun pioneering innovative solutions to address business and management education challenges and are directly involved in supporting the SDGs” (Haertle

et al., 2017, p. 70). Several of the articles then engage with the relationship between the state of the world and the role of business schools, framed in terms of the PRME–SDGs relationship (Annan-Diab & Molinari, 2017; Storey, Killian, & O’Regan, 2017; Weybrecht, 2017). The rest of the papers focus largely on evidence-based accounts of how business schools do such responsible management education in practice, for example with reference to student organisations (Borges, Cezarino, Ferreira, Sala, & Unglaub, 2017; Borges, Ferreira, Borges de Oliveira, Macini, & Caldana, 2017), service and experiential learning (Tyran, 2017), curriculum design (Warwick, Wyness, & Conway, 2017), teaching methodology (Burga, Leblanc, & Rezania, 2017) and institutionalisation (Wersun, 2017). The publication is indeed a testimony to what has happened in the short space of 10 years to shift the focus of management education and align it with an agenda of global relevance. What is not addressed in any of the articles, though, is an integrative epistemological framework in view of which ‘responsible management’ can be conceptualised.

In conclusion, it seems that much of the work that stems from PRME assumes that responsible managerial behaviour will result from education which integrates the SDGs in the full spectrum of the educational experience. Although this might well be a reasonable assumption, it still does not address the gap regarding an epistemologically sound conceptualisation of ‘responsible management’.

2.3 The pathway of scholarly introspection

Reference has been made in section 1.2.2 and 2.1 to a period of intensified scholarly introspection about the position of management education in relation to global sustainable development and corporate responsibility concerns. It is noteworthy, though, how several participants in this discourse take a longer-term historic view on how management education arrived at a position where it may rightfully be criticised for contributing to, instead of mitigating, these sustainable development and corporate responsibility concerns. Some examples may help to

explain the point. Anderson and Eshcer (2010) describe an early era in management education which was premised on the professional development of managers, followed by the post-World War II era as one of academic specialisation with an emphasis on economics and quantitative analysis. Irwin, Salskov-Iversen, and Morsing (2011) identify three phases, the first of which was anchored in commercial colleges teaching practical skills to business people; the second of which was characterised by a scientific and academic research-oriented approach, and the third as a time of criticism and decoupling or disengagement from society as business schools increasingly started to focus on serving the needs of business. Hommel and Thomas (2014) refer to the trade school era, the science era, the practice-based era and the era of Americanisation. Reflecting specifically on what transpired in American business schools, Khurana (2007, p. 18), makes a metaphorical statement by describing it as a shift from “higher aims to hired hands”, which happened in the course of three distinct phases in American business education, namely the phase of professionalisation (between 1881 and 1941) that led to the rise and dispersion of business schools; an era of reform and standardisation (between 1941 and the early 1970s) during which the focus was on the institutionalisation of business schools; and a during which business schools became increasingly subservient to market imperatives (the 1970s to the present day).

The development history of business schools can therefore be broadly separated into three distinct phases, namely one of practical relevance (the beginning), one of scientific rigour (the middle) and one of critique and for some even cynicism (the current phase). These developments may simply appear as the consequences of an emerging historical process, but at a deeper level they help to explain the origins of crucial dilemmas in the epistemological household of management education. A closer look at the introspective and critical management education literature of the period between 2005 and about 2015 reveals four such dilemmas of relevance for the responsible management education project, namely that of rigour versus relevance, business versus society, facts versus values and academia versus business.

2.2.1 The dilemmas that confront management education

The essence of the ‘rigour versus relevance’ dilemma lies in what Hommel and Thomas (2014, p. 15) refer to as management education’s “double hurdle to master”, that is to be acceptable for higher education and relevant for business practice at the same time. Escudero (2011, p. 203) refers to it as the “uncomfortable intersection of how business communities are evolving in the real world and the rigour of an academic endeavour”. Datar et al. (2010, p. 76) describes it as the clash of two cultures, namely “the soldiers of organizational performance” against “the priests of research purity”. How schools manage this tension between rigour for academia and relevance for business has consequences for their acceptance and legitimacy in the university sector, their reputation for quality education in view of accreditation criteria, and their perceived relevance for industry and prospective students.

The second dilemma in the development trajectory of management education becomes evident in the choice of business over society as the primary beneficiary of business schools’ academic work. Anderson and Escher (2010) make reference to an experiment indicating how MBA students, before commencing their studies, believed that corporations exist to benefit society, and upon graduation declared that their purpose was to maximise shareholder value. Roome, Bevan and Lenssen (2011) point to the mismatch between the narrow focus and content of management education and the negative impacts of business on economic, social and environmental systems. Starkey and Hatchuel (2014) speak about business schools’ failure of moral purpose and collusion with beneficiaries of unsustainable business practices. McKiernan and Wilson (2014) use path dependence theory to show how business schools became locked in and subservient to private firms as a sub-section of the economy, thereby forfeiting the relevance they may have for wider society. Whereas business schools did respond to the demand for academic rigour, the type of scientific work that followed

was primarily of a positivist and empiric nature and was predisposed to serve the needs of business efficiency and growth.

Perhaps the most critical of dilemmas are of an epistemological nature and expose the facts-versus-values split that management education fell prey to. Ghoshal's indictment of this dilemma in 2005 (as already referred to in section 1.2.2) has since been echoed by many others. Thomas, Lee, Thomas, and Wilson (2014) refer to management education's overemphasis of shareholder capitalism and focus on analytical/scientific rigour at the expense of wisdom and interpersonal and management skills; Swaen, De Woot and De Callataj (2011) lament the inability of management students to balance business effectiveness with societal purpose and sustainable development; Starkey and Hatchuel (2014) make the point that business schools are too limited in their social science base, while being dominated by economics, finance and a narrow form of positivism. As a result of this dilemma, students of business and management have become well-equipped to optimise the mechanisms of business, but they fall short in the awareness of the systemic consequences of their decisions and actions on the economy, society and environment.

The last of the four dilemmas refers to what happened with the institutional identity of business schools, namely that they evolved from predominantly scholarly institutions to the likeness of business enterprises (Naidoo & Pringle, 2014). Business schools became more synonymous with profit-making business organisations (McKiernan & Wilson, 2014), more market dependent (Naidoo & Pringle, 2014) and more reputation conscious (Hommel & Thomas, 2014). Although broader societal developments push universities towards greater financial independence, these developments also work in favour of universities with business schools. Business schools can be more self-sufficient than other university departments, and they contribute to the institutional purse at the same time.

With the financial crisis of 2008, these dilemmas, having been in the making over several decades of management education, became the proverbial ‘chickens coming home to roost’. The crisis not only rocked the markets, but also sparked a debate about the very foundations of business education. An emerging conversation about the relevance and future of management education (Datar et al., 2010; Moldoveanu & Martin, 2008; Morsing & Rovira, 2011) was now upended by questions about the complicity of business schools in providing the theoretical assumptions upon which such ill-informed business practices could be based and the type of leaders and managers that business schools produced. Harvard MBAs of the class of 2008, Anderson and Escher, pleaded that “placing the entire of blame for the 2008 collapse on MBA graduates like us is a bridge too far. On the other hand, holding us blameless, is a bridge too short” (Anderson & Escher, 2010, p. 1). Several others (Escudero, 2011; Losada et al., 2011; Roome et al., 2011; Samuelson, 2011; Swaen et al., 2011; Thomas et al., 2014) argued that business schools would inevitably be implicated and come under scrutiny in the analysis of what had led to the irresponsible business behaviours that brought on the crisis. Out of this, however, also appeared a positive response, namely a clarion call for new thinking, echoed by many (Badelt & Sporn, 2011; Escudero, 2011; Morsing & Rovira, 2011; Roome et al., 2011), and perhaps best phrased as follows:

The financial crisis has opened the door for fresh, scholarly inquiry about the very purpose of business and sparked debate about how key frameworks are communicated to students, especially in finance and economics classrooms – places where students receive the most powerful messages about business decision-making. (Samuelson, 2011, p. 158)

2.2.2 *New imperatives*

The scholarly debate about management education stretches beyond the identification of fault lines and offers some future directives, the first of which is the necessity to rethink the educational assumptions on which management education is built. The same scholars who do critical

introspection of the past also offer their views about what a different future for management education may look like. The research of Datar et al. (2010) is indicative of a widely shared view among deans and executives that management education should go beyond the conventional function-based MBA curriculum, that students should have a better understanding of globalisation, leadership and innovation, and that there should be room in the curriculum to address matters of values, attitudes and beliefs that inform the worldviews and professional identities of managers. According to Starkey and Hatchuel (2014, p. 274), “the knowledge challenge facing management research, the key driver of a business school that is committed to new knowledge generation, is ontological and epistemological”. In practice, this means a shift in management education towards a more collaborative and inclusive version of capitalism, the joint welfare of all stakeholders and a narrative of management as stewardship. Hommel and Thomas (2014, p. 25) want research and teaching in business schools to “look more broadly at wider society, to embrace multidisciplinary perspectives, and to turn [their] theoretical perspectives and foci toward ‘big’ questions”. Escudero (2011) advocates for a new theory of the firm and its role in society, one in which profit-maximisation will be in balance with the sustainability of the company, society and the planet.

The second directive for the future is closely linked to the first, but focuses less on the theoretical foundations and more on forms of direct and practical engagement with society. Irwin et al. (2011, p. 82) argue that “‘business in society’ needs to be less of a slogan and more of a provocation, a stimulus, a matter of institutional practice and a serious intellectual challenge”. Therefore management education should include “a more holistic and critical investigation of the social”, interact with stakeholders, create societal benefit and influence public and private decision making. Learning at business schools should engage managers, politicians and stakeholder groups (Bieger, 2011), connect with the wider needs of society to maintain legitimacy and credibility (Wilson & McKiernan, 2011), and engage in policy debates on societal issues (Hommel & Thomas, 2014).

In the third place, business schools will have to attend to the integration of ethics in and beyond the curriculum. Ghoshal (2005, p. 88) calls on business school deans to take the lead in building a new educational agenda “not only in creating courses on ethics and corporate social responsibilities, but also for supporting a broader range of scholarship in the traditional fields of strategy, organisation behaviour, marketing, and others – even in economics and finance”. Datar et al. (2010) identify the need for the ethical development of MBA students; attention to the values, attitudes, beliefs that inform managers’ worldviews and professional identities; and shaping the capability of students to make judgements in messy and unstructured situations. Hommel and Thomas (2014) refer to the accountability of managers for their actions and decisions, and the need for a greater emphasis on ethical and moral challenges. Bieger (2011) calls for an integrative, interdisciplinary and transdisciplinary teaching approach with a systemic view on society, economy and management, while envisioning graduates who will be able to handle complex questions and act in a responsible manner. Despite such strong advocacy, it is also to be expected that the mainstream integration of ethics and related themes will not happen without challenge (Hommel & Thomas, 2014; Samuelson, 2011).

Lastly, business schools will have to care about their own institutional identity and integrity. Losada et al. (2011) argue that for business schools to make a social contribution and educate responsible executives, the entire institution – beyond the curriculum – should be involved. Responsible leadership is not only ‘taught’ in class, but also ‘caught’ in the daily practices of business schools. Business schools will have to think about how they translate values, how they practise corporate responsibility themselves, how they enact the transformation that they wish to see in society, and how they manage their own affairs in a socially responsible way. Badelt and Sporn (2011) this view and regard the social responsibility of business schools an important factor to consider. Bieger (2011) connects this imperative with faculty development, culture, research and

innovation. Morsing and Rovira (2011) emphasise how the values integration practices of business schools have the potential of influencing how socioeconomic activity is conducted over generations.

This treatise of historical dilemmas and future imperatives in management education points to a widely embraced consensus that management education is in need of a new direction. There seems to be sufficient scholarly grounding for the argument that business schools – even if inadvertently – contributed to the advancement of unsustainable business and management practices. The alternative, as argued by the same authors named in the previous paragraph, contains a comprehensive overhaul in terms of what business schools teach, what they do research about, how they are run as institutions and what their impact is on society. In terms of the focus of this study, all these aspects can be further refined to how business school students are equipped to exercise responsible management in practice. This is further explicated in chapter 4 where the implications of a Habermasian view on responsible management are applied to responsible management education in a business school context.

2.4 The pathway of accreditation

The story of business school accreditation has been a subject of study in itself. Several authors (Kaplan, 2014; Moore, 2004; Thomas, Billsberry, Ambrosini, & Barton, 2014) give an account of how accreditation standards came about in conjunction with the development trajectories of management education in the USA, Europe and the UK. What is known today as the three most globally recognised accreditation standards, namely the AACSB, AMBA and EQUIS, all developed in response to the quality improvement and standardisation needs in different historical and regional contexts. While each preserved its unique focus, the standards also had to adapt to new demands over time. What transpired in the scholarly introspection about responsible management education and the ideals expressed in the PRME therefore inevitably influenced the development of the accreditation standards. Today, all three standards require that business schools, seeking or

maintaining accreditation, account for how they understand and practise responsible management education.

Table 1 is not a detailed account of what AMBA, AACSB and EQUIS require from business schools as evidence of adherence to their accreditation standards. The focus is rather on providing a condensed view of the guidance that these standards offer in respect of the practice of responsible management education in a business school context. Instead of analysing each standard separately, their different nuances and complementary perspectives are tabled under four rubrics, namely the prominence they ascribe to the societal context of management education; the demands they place on the institutional life of business schools; the requirements they propagate about the integration of ethics, responsibility and sustainability in the educational programmes of business schools; and the views they hold about students as persons and managers.

Table 1: AMBA, AACSB and EQUIS in relation to responsible management education

	The societal context of management education	The institutional life of business schools	ERS integration in education	Students as persons and managers
AMBA (focuses on the MBA as programme)	Recognises the complexity and relevance of the environmental and societal context within which organisations have to operate and which students, therefore, have to be prepared for	Emphasises that business schools must be sustainable and financially viable, have a commitment to sustainability, practise good governance and have market legitimacy	Holds a detailed view of the disciplines and themes that an MBA programme should entail, business ethics included, in order to address comprehensively the knowledge and skills requirements of a modern business organisation	Prioritises a broad base of managerial knowledge and skills, inclusive of critical thinking, stakeholder engagement, sustainability and risk management, ethical decision making and personal integrity
AACSB (focuses on quality improvement in different forms of management education)	Demonstrates sensitivity for the economic, political, regulatory, legal, technological and social conditions to which management education has to respond	Demands from business schools to provide evidence of civic engagement, impact on business and society, commitment to address corporate and social responsibility issues and collaboration with societal stakeholders	Requires that programmes build skills, through academic and experiential learning, in terms of ethical understanding and reasoning, analytical thinking, reflective thinking, sound decision making and judgement in conditions of uncertainty	Envisions that students be prepared for meaningful professional, societal and personal lives, and that they be actively involved in educational experiences and engaged learning

EQUIS (focuses on the totality of educational and institutional business school practices)	Demonstrates a clear focus on the centrality of ethics, responsibility and sustainability in a management education context, but leaves it to business schools to translate, contextualise and integrate the meaning that they make thereof in their own local context	Requires the integration of ethics, responsibility and sustainability across all institutional aspects (strategy, programmes, students, faculty, research and physical resources) and that business schools be good citizens and contribute to the resolution of the challenges of the societies within which they operate	Requires from programmes to develop students' intellectual skills, for example the ability to analyse, synthesise and critically assess complex material; to formulate and defend independent judgements; to conceptualise; to demonstrate an awareness of the wider context of the programme of study; to apply general concepts to practical situations	Emphasises the intellectual, social and personal development of students and envisions that they be prepared to live their future lives as responsible and creative citizens who exercise the values of integrity, respect, responsibility and service
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Adapted from AMBA (2016), AACSB (2017) and EQUIS (EFMD, 2017)

From the comparison in Table 1 it is evident that all three of the accreditation bodies have in recent years responded positively to the responsible management education challenge. Their intentions are evidently in synergy with those of PRME and the scholarly discourse about the future direction of management education. They advance a collective commitment to environmental and societal awareness, responsible business school cultures and practices, the integration of ethics, responsibility and sustainability in curricula and different modes of learning, and a holistic view on how management education students may best be prepared for their personal and professional lives. It is also the case, however, that owing to the divergence in their respective foci, they emphasise different aspects of the broader responsible management education agenda and therefore present different views of what students and managers should be capable of. Although there is validity in each of these views, and even complementarity in what the accreditations respectively represent, it again confirms the gap that this study attempts to address, namely a conceptualisation of responsible management that can serve as a guiding and integrative framework for both educational and organisational practice. This framework is fleshed out in more detail in the two chapters to follow.

2.5 Conclusions

Since the beginning of the 21st century the renewal of management education has been an inescapable imperative for business schools. Much of the current thinking of how this should be achieved, circles around the re-purposing of business schools in relation to business and society as well as the integration of ethics, responsibility and sustainability in the management education curricula and the institutional life of business schools. Since the inception of the PRME in 2007, the renewal of the accreditation standards from 2012 onwards and the scholarly discourse that accompanied both of these developments, much was achieved in business schools that speaks of moving management education in a more responsible direction.

Critical voices remain, though, and rightfully so. Setó-Pamies and Papaoikonomou (2016) warn that the scope and complexity of the task should not be underestimated. Referring to ECSRS (ethics, corporate social responsibility and sustainability) integration, they focus on two key elements of the management education challenge in question, namely the conceptual and the institutional. Apart from what these concepts mean discretely and jointly, it is also wise to consider the multilayered nature of educational institutions. For such integration to be effective and offer significant learning to students, Setó-Pamies and Papaoikonomou argue, a whole range of factors and processes in different layers have to convey the same message. Integration at the institutional level entails attention to matters of mission, values, strategy, leadership, organisational structure and resources. In the curricular layer, consideration should be given to the balance between concentration and dispersion; that which is obligatory or elective; a single versus a multidisciplinary focus; the distribution of ECSRS content through all degrees; and whether current structures and courses should be augmented with new types or not. At the pedagogical and instrumental level there is the task of using or creating learning objectives and methodologies that will be most conducive for the task.

While they argue for the complementarity and consistency between the explicitly educational and implicitly institutional requirements for ECSRS integration, Setó-Pamies and Papaoikonomou (2016, p. 530) also advocate for a particular order of putting them in place, namely from the institutional to the curricular, and from the latter to the pedagogical/instrumental. These authors conclude by saying, “[We] want to note that the integration of ECSRS is, on the one hand, an imperative of our times and, on the other hand, a process that requires careful planning and profound changes in the culture of the universities” (p. 534).

Taking a different perspective, Painter-Morland (2015) is concerned about the philosophical assumptions which could undermine the ideal of responsible management education, thereby leaving the ethics, responsibility and sustainability integration imperative essentially without the necessary persuasive or sustainable impact. Based on her argument, the ideal of “responsible management education”, as premised on the introduction and integration of ethics, responsibility and sustainability in business schools’ curricular and institutional approaches, may still strand on the old ontological and epistemological assumptions that underpin management education. Painter-Morland argues that “a combination of ontological and epistemological assumptions privilege an instrumental approach based on simplistic utilitarian premises” (p. 61). For management education to be regarded as ‘responsible’ the task goes beyond the introduction of ethics into the business school curriculum, or even the integration thereof in other disciplines such as accounting and finance. There is a need, states Painter-Morland, to “critically assess our assumptions about the central goal of education, the nature of wealth, and our own sense of self” (p. 62).

Consequently, speaking of responsible management education is a holistic endeavour of which the intentions cannot succeed without rethinking the epistemological foundations on which it is built. In addition, the task demands that management educators shall be willing and capable of engaging critically with the relationship between what they teach and the consequences thereof for

the business–society relationship from an environmental, social and economic impact perspective. As a result students should be capable of maintaining an ethically informed orientation when they go about dealing with the strategic and operational demands of managing a business organisation in practice. Thus far in this study there is reason to believe that this cannot be assumed to be the case.

Management education can be made (more) responsible, but in the end the litmus test will be whether or not it translates into responsible management in practice. The next chapter investigates how Jürgen Habermas's theory of communicative action may provide a pathway for this ongoing quest.

3. THE THEORY OF COMMUNICATIVE ACTION

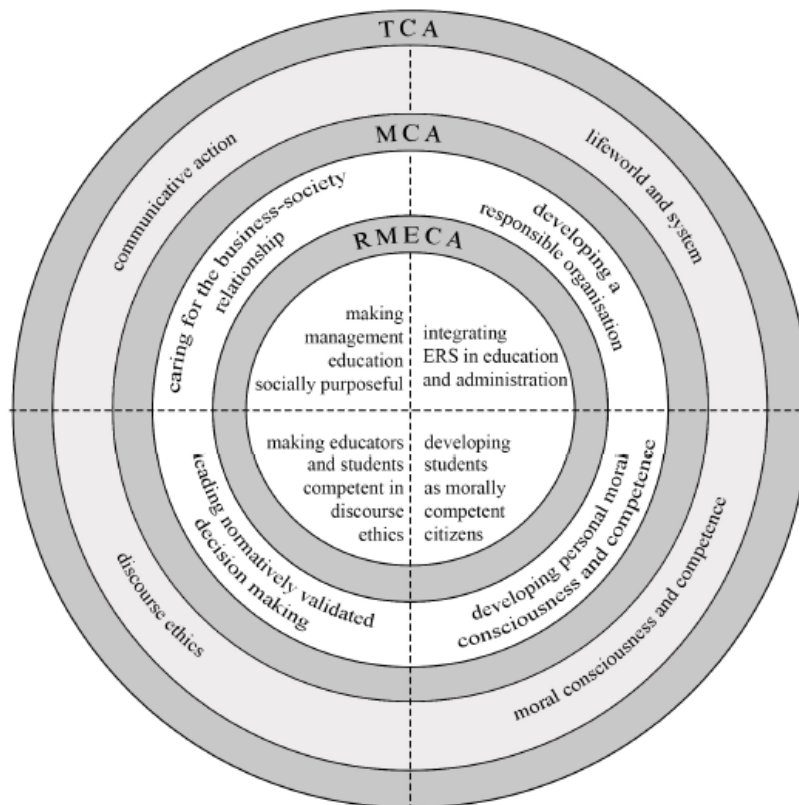
3.1 Introduction

This study utilises the work of Jürgen Habermas to conceptualise the idea of responsible management. The objective, as spelled out in chapter 1, is threefold, namely 1) to demonstrate that the integration of the moral–ethical and strategic–operational dimensions of the managerial task is both essential and possible; 2) to offer a conceptual framework for responsible management based on Habermas’s theory of communicative action; and, 3) to explain the implications of this approach for responsible management education in theory and practice. Thus far it has been established that a well-grounded conceptualisation of responsible management is indeed a necessity for management educators as well as for practising managers in business organisations. The argument is sound from a sustainable development and corporate responsibility perspective, on the one hand, and from a management education perspective, on the other. While much progress has been made in terms of making management education more focused on responsible behaviour, especially through experimenting with different approaches to the integration of ethics, responsibility and sustainability in the total educational households of business schools, an epistemologically grounded conceptualisation of responsible management is still missing in the whole endeavour.

It is proposed in this study that Habermas’s work is capable of providing the epistemological grounding needed upon which to build a concept of responsible management. Before doing so, it is necessary to understand the meaning of and interrelationship between four key elements in Habermas’s theory of communicative action (TCA), namely communicative action, lifeworld and system, discourse ethics, and moral consciousness and competence. In Figure 1, the outer ring illustrates the interrelationship between these elements of TCA and how they provide a holistic framework on the basis of which responsible management and responsible management education can be conceptualised as forms of communicative action. The latter two are described in chapters 4

and 5 and are respectively referred to as MCA (management as communicative action) and RMECA (responsible management education as communicative action). It should be noted that the lines between the quadrants in the figure are deliberately perforated in order to illustrate the dynamic interrelationship between the various facets. The composition of the framework also illustrates how the various facets of TCA may find resonance in more than one category and may come to the fore again in the in the discussions on the various dimensions of MCA and RMECA. The framework attempts to capture the trajectory of the central arguments provided and as such is presented for the sake of clarity and practicality.

Figure 1: The foundational elements of Habermas's theory of communicative action



Source: Adapted from Habermas (1984; 1987; 1990)

3.2 Communicative action: Theory, concepts and application

In chapter 1, reference is made to several secondary sources in relation to Habermas's work. This chapter and the next are explicitly based on two of his publications central to the interest of this study, namely *The Theory of Communicative Action* (Volume 1:1984 and Volume 2: 1987) and *Moral Consciousness and Communicative Action* (1990).

In the preface to the first volume of *A Theory of Communicative Action* (hereafter referred to as TCA), Habermas (1984, Kindle location 685) states that “the formation of basic concepts and the treatment of substantive issues belong inseparably together”. This is exactly what he does in the two volumes of TCA (Habermas, 1984; 1987) in which he presents an extensive treatise of three intertwined topic complexes. These topics are: 1) the concept of communicative rationality; 2) “a two-level concept of society that connects the lifeworld and systems paradigms”; and 3) a theory of modernity that explains the pathologies in today's society by showing how the “communicatively structured domains of life are being subordinated to the imperatives of the autonomous, formally organised systems of action, specifically the state and the economy” (Habermas, 1984, Kindle location 685).

The aim is to demonstrate how these three topic complexes have relevance for managing a business enterprise in a modern society. Firstly, Habermas's *communicative rationality* – with reference to communicative versus strategic action, and speech acts and validity claims – is of particular relevance within an organisation and between an organisation and its stakeholders. His concepts of *lifeworld and system* offer helpful perspectives on the disposition of a business organisation in relation to its societal context, as well as on the internal challenges stemming from its composition of people, functions and systems. Habermas's reference to *modernity* highlights the complex relationship between business and the economy, the state, society and the environment. In relation to these three topic complexes, Habermas states his concern in the preface to TCA about

“neoconservatives who want to hold at at any price to the capitalist pattern of economic and social modernization”. According to Habermas (1984, Kindle location 731), neoconservatives “give highest priority to the economic growth that the social-welfare-state compromise fosters, and they seek refuge from the socially disintegrative side effects of this growth”.

3.2.1 *Communicative action*

At the core of Habermas’s TCA is his understanding of rationality which “has less to do with the possession of knowledge than with how speaking and acting subjects acquire and use knowledge” (Habermas, 1984, p. 8). He defines communicative rationality as “the central experience of the unconstrained, unifying, consensus-bringing force of argumentative speech” (Habermas, 1984, p. 10). In this kind of speech participants overcome their merely subjective views and in a rational and intersubjective way they develop a shared view of both the objective world their lifeworld.

Although communicative action is the central and integrating concept of both the *Theory of Communicative Action* (1984; 1987) and *Moral Consciousness and Communicative Action* (1990), it comprises sub-components of which the meaning has to be more closely examined for the purposes of this research project. These sub-components, and what they contribute to the conceptualisation of management as communicative action (MCA), are discussed in this chapter.

3.2.1.1 *Language and speech acts*

According to Habermas (1990, p. 25), language serves three functions: “(a) that of reproducing culture and keeping traditions alive; (b) that of social integration or the coordination of the plans of different actors in social interaction; and (c) that of socialisation or the cultural interpretation of needs”. These functions manifest in what Habermas calls speech acts. In fact, Habermas (1984) says that “communicative action designates a type of interaction that is coordinated through speech acts” (p. 101).

Speech acts can be imperative, constative, regulative, operative or communicative.

Communicative speech acts are of a different class than the others. Through them it is possible to question, to answer, to address, to object or to admit that which is exchanged between participants in a speech situation. Speech can be organised and arranged into themes and contributions; and it can be used to distribute conversational roles, and regulate turn-taking in conversation (Habermas, 1984, p. 326).

It needs to be mentioned that when language is used only cognitively and non-communicatively, it does not constitute a speech act. It simply relates information and the only relationship involved is that between sentences and something in the world. In contrast, Habermas (1990, p. 25) states that three relations are involved “when language is used for coming to terms or reaching an understanding with someone else (even if it is ultimately only to agree or disagree)”, namely a speaker, another member of the same speech community and something that is being referred to in the world.

In the ideal speech situation, especially when the speech act is of an argumentative nature and the actors agree to move to a position of understanding, the following three principles are imperative (Habermas, 1984):

1. The speech situation is a *process*: Participants in argumentation have to presuppose in general that the structure of their communication is free of force, “except for the force of the better argument” (p. 25), and that they are all searching for the truth in a cooperative way.
2. The speech situation is a *procedure*: The discursive process of reaching an understanding is normatively regulated in such a way that participants, relieved of any pressure, can “test with reasons, and only with reasons, whether the claim defended in the argument rightfully stands or not” (p. 25).

3. The speech situation is a *product*: The speech action “has as its aim the production of cogent arguments that are convincing by virtue of their intrinsic properties and with which validity claims can be redeemed or rejected” (p. 26).

When observed from an organisational perspective, Habermas’s conceptualisation of language and speech acts certainly makes it possible to think about a business organisation as a communicative entity, at least in terms of the internal relational nature between individuals, between various functions and across levels of authority. In addition, the business organisation is linked to and embedded in a variety of external stakeholder relations. It is difficult to imagine how a business organisation would function without communication and therefore also without language and without different types of speech acts. Communication is what keeps an organisation together as an entity and also keeps it connected to the stakeholder context within which it exists.

However, when the same business organisation is explicitly viewed from the perspective of communicative action, in the Habermasian understanding thereof, an altogether different set of observations and questions emerge. Firstly, are the kinds of speech acts within a business and between a business and its stakeholders really of the communicative action type or do they predominantly represent that which is imperative, constative, regulative or operative? Secondly, even if it is admitted that all these types of speech acts have a rightful place in a business context, can it reasonably be expected that when the occasion arises, for example when a controversial or ethical matter is in question, a business will recognise it and make room for speech acts of the communicative type? And lastly, is a business organisation perhaps not so much premised on effective and efficient information flow in a performance-driven and competitive environment that communicative action will have a hard time being allocated its rightful purpose and role in business conversations?

In the sections that follow, these observations and questions will be supplemented with others, raised from different perspectives. The reason why they are raised hangs closely together with the overarching purpose of this research project, namely to develop a perspective on responsible management in practice on the basis of Habermas's TCA.

3.2.1.2 Validity claims

Whether an action succeeds in terms of its purpose stands in relation to both truth (as referring to a verifiable state of affairs in the external world agreed to in communication between different actors) and effectiveness (as referring to bringing about or changing a state of affairs) (Habermas, 1984, p. 9). In this process, language provides the means for the communication, on the basis of which social actors can develop mutual understanding, social cooperation and goal-directed action. However, to make this process work, the communicative action in question needs to be firmly grounded in good reasons which can be validated through interrogation, criticism and argumentation. Habermas (1984) thus poses the following question: "What makes some arguments, and thus some reasons, which are related to validity claims in a certain way, stronger or weaker than other arguments?" (p. 25).

Habermas (1984, p. 99) provides three validity claims, namely 1) "that the statement made is true"; 2) "that the speech act is right with respect to the existing normative context"; and 3) "that the manifest intention of the speaker is meant as it is expressed". Communicative action, therefore, implies a "cooperative process of interpretation in which participants relate simultaneously to something in the objective, the social, and the subjective worlds, even when they thematically stress only one of the three components in their utterances" (Habermas, 1987, p. 120). In this communicative process the actors themselves "seek consensus and measure it against truth, rightness, and sincerity, that is, against the 'fit' or 'misfit' between the speech act, on the one hand,

and the three worlds to which the actor takes up relations with his utterance, on the other”

(Habermas, 1984, p. 100).

What Habermas describes as validity claims in relation to communicative speech acts certainly resonates with organisational life in a business context. The first claim, namely truth, leads to reflections about what counts as truth, and also sources of truth, in a business organisation. Managing a business effectively and successfully is dependent on, among other things, factually verifiable numerical, monetary and technical information; receptivity for knowledge about the environmental, social and economic context within which a business exists; measurable performance indicators; and reliable internal and external feedback systems. The second claim, namely that of rightness, points to the views that internal (e.g. management and employees) and external stakeholders (e.g. customers, suppliers, communities, and regulators) might have about the impact of business decisions and activities on the environment, society and the economy. That which is accepted as verifiable truth (such as in the first validity claim) may or may not be fair and just to all concerned. Morally questionable business outcomes call for deliberations about what counts as normative truth pertaining to specific issues or situations within specific contexts. The last claim, namely that of truthfulness, determines that in a business context every participant in a speech situation places a high premium on transparency and honesty, and is willing and open to be challenged and tested in relation to assertions that she or he may make. Whereas the validity claim of truthfulness may in some situations be difficult to ascertain, the lack of truthfulness will most often become apparent in situations where important information, privy to a participant, but vital to others concerned, has been withheld from a speech situation.

Speech situations in a business context may help to illustrate the relevance and interrelatedness of the three validity claims. For example, when product specifications in manufacturing are disregarded in order to inflate profitability, an interrogation about all three validity claims are

demanded: What is the technical or financial truth in question in the situation? Who are the stakeholders who have either authorised or suffered the negative consequences of the situation? Who has withheld important information or who blows the whistle and for what reasons? If the necessity of a communicative speech act about the moral justification of changing the product specifications was not proactively identified and the speech act was not conducted, the situation may call for having to do so in hindsight, when the damage is done. A good example in this regard is the infamous Volkswagen emissions scandal of September 2015, in which truth (i.e. trustworthy product specifications), rightness (i.e. internal and external stakeholder trust, as well as environmental consciousness) and truthfulness (i.e. honesty and transparency) were sacrificed, which led to collateral damage for the company and a wide spectrum of its stakeholders. When assessed through the lens of Habermas's TCA, it becomes conceivable how the company could have averted such a scandal by making use of the corrective capacity for moral justification available through communicative action. The same potential is available to the company through practising communicative action in order to find agreement on a new normative consensus for dealing with similar ethical risks in future.

A further matter, following on situations such as the Volkswagen episode, concerns Habermas's "power of the better argument" concept. This concept contains several essential considerations, the first of which is that participants in a speech situation in a business context need to know that a specific matter deserves to be dealt with by means of the validity claims of truth, rightness and truthfulness. Secondly, on the assumption that this kind of speech situation may be time consuming, participants have to be willing, when necessary, to slow down their business conversations in order to apply and benefit from the three validity claims perspectives, specifically the second one about rightness (i.e. the moral consensus about the grounds on which something can be normatively justified). Thirdly, it is important to realise that the nature of a business organisation is such that to seek the "power of the better argument" – in the interplay between truth, rightness and truthfulness

– will come up against the propensity that business organisations have for instrumental reasoning, especially in terms of measurability, efficiency and profitability. Fourthly, it has to be accepted that specific competencies may be needed in order to create the conditions for speech situations that are of a truly communicative nature in a business context. And, lastly, there may be a need for managers to be sufficiently competent to know the why, the when and the how of making communicative speech situations work.

The last aspect to be considered in this regard refers to the relation between validity and the notion of value. Is the concept of value in a business context understood only financially or are there other forms of value to be considered as well? If the concept of value is understood to be multifaceted, what kind of value will be prioritised and why? Who benefits from how value is understood, created and distributed in a business context? Can undesirable impacts result from a business's value concept as well? From what we know about business, these questions may sound rhetorical, but the conversation becomes a different one, and worthy of special attention, when the concept of value is approached from the perspectives of truth, rightness and truthfulness.

Altogether, these observations and questions point in the direction of what may be considered as managerial responsibilities and competencies. The grounds on which this may be argued is attended to in section 3.3.

3.2.1.3 Communicative versus strategic action

Habermas distinguishes between communicative action on one hand, and instrumental and strategic action on the other. He regards an action as instrumental when it is executed by means of technical rules of action and assessed in terms of the efficiency of outcomes. An action is strategically oriented when it is executed upon the rules of rational choice and with the purpose of influencing the decisions of a rational opponent. Although instrumental action might have a positive role in the context of social interaction (e.g. to determine task or role clarity), strategic action has no

such interest; it is egocentric in its calculation of success and is not interested in reaching understanding through communicative means. “In communicative action participants are not primarily oriented to their own individual successes; they pursue their individual goals under the condition that they can harmonize their plans of action on the basis of common situation definitions” (Habermas, 1984, pp. 285-286).

Communicative and strategic actions are both social actions, but they differ in orientation. Communicative action is premised on reaching understanding on the basis of consensus. Strategic action pursues the influencing of others by using a purposive rational approach (Habermas, 1990, p. 58). Habermas (1984) uses the concepts of illocutionary and perlocutionary aims to explain this difference:

Thus I count as communicative action those linguistically mediated interactions in which all participants pursue illocutionary aims, and only illocutionary aims, with their mediating acts of communication. On the other hand, I regard as linguistically mediated strategic action those interactions in which at least one of the participants wants with his speech acts to produce perlocutionary effects on his opposite number (p. 295).

Habermas distinguishes between the illocutionary and perlocutionary modes of language use to illustrate the difference between communicative and strategic action (see Habermas, 1984, pp. 273-336 for an extensive discussion). From a practical organisational perspective, one can consider the difference in the speech situation when, for example, the environmental impact of a particular product, such as in the Volkswagen case, is under discussion. In an illocutionary orientation, stakeholders in the issue in question will acknowledge the necessity and invest the time to discuss it from the three validity claim perspectives until the better argument wins. In a perlocutionary orientation, factors such as authority, cost, expedience and short-term benefits, spoken about in an instrumental manner, may become the dominating considerations in decision making. While it

needs to be acknowledged that not every business decision should be an occasion for illocutionary speech, the necessity of making room for such speech should be acknowledged when the need arises. There are enough examples of corporate misconduct and fallen reputations on the business landscape to substantiate such an argument. In business cultures and decision-making processes where strategic action mostly tends to hold sway, it is important also to argue for the legitimacy of communicative action in situations where moral ambiguity arises.

Habermas recognises that conditions may not always favour communicative action and the validity claims upon which a speech act succeeds, namely “as a consensually interpreted element of the objective world, as an intersubjectively recognized normative component of the social world, or as a private element of a subjective world to which someone has privileged access” (Habermas, 1984, p. 122). In such cases the actors may have to draw upon the means of strategic action in order to negotiate an alternative common definition of the situation they are in. How this dynamic feeds into the lifeworld–system relationship is explored in the next section.

From an organisational perspective it is worth noting that Habermas (1987) highlights two risks that participants in a communicative action situation want to avoid, namely “the risk of not coming to some understanding, that is, of disagreement or misunderstanding, and the risk of a plan of action miscarrying, that is, of failure. Averting the former risk is a necessary condition for managing the latter” (p. 127). This statement describes in essence the complex relationship between communicative and strategic action in a business organisation. The natural inclination of business organisations is to favour strategic action. In fact, a business organisation is by definition set up to deliver tangible outcomes in the form of products and/or services for which all its functions, systems, operations and relationships are aligned to deliver the intended outcome as efficiently and effectively as possible in terms of calculated cost–benefit ratios. The business organisation is by nature results-oriented, on the inside, in respect of how it incentivises and rewards employees for

performance and, towards the outside, in respect of how it negotiates with investors and suppliers to obtain the best deals at the lowest cost. The point here is not to argue that business organisations should change their very nature and steer away from that which keeps them productive, innovative and attractive. The point is rather to argue for the potential of introducing communicative action when it matters, even in the face of strategic action's dominance. Communicative action should prevail when communicative speech situations are necessary to deal with the ethical–moral versus strategic–operational considerations in decisions pertaining, for example, to remuneration practices, product quality factors, the environmental footprint and impact of products or operations, and potentially exploitative business–community relationships.

Once more the question about responsibility and capability becomes pertinent. Who, in a business organisation, should care about the necessity of communicative action in situations dominated by strategic rationality? From one perspective, it should be natural to make and keep management responsible. From another, it may be argued that this will only be effective when the right and opportunity to speak from a perspective of truth, rightness and truthfulness is within reach of every employee. When this happens, it becomes a matter of culture. This is further elaborated on in section 3.3.

3.2.2 *Lifeworld and system*

Habermas's distinction between the lifeworld and the system does not stand apart from the preceding aspects of TCA, but follows from them. There is a sense in which these two key concepts, in terms of what they mean and how they relate, form the hub of several other concepts in Habermas's work, for instance rationalisation, integration, money, power and capitalism.

Since they are so closely linked, lifeworld and system are explained first before their combined organisational relevance is discussed.

3.2.2.1 *The lifeworld*

Habermas (1984) describes the lifeworld as “the correlate of processes of reaching understanding” (p. 70). By acting communicatively, people “come to an understanding in the horizon of a lifeworld” (p. 69). The lifeworld is not deliberately defined or explicitly experienced. It functions in the background as a set of presupposed convictions, beliefs and situation definitions feeding into the communicative situation in an unproblematic manner. Using the concept of a “communication community”, Habermas (1984) explains how the lifeworld enables members to “demarcate the one objective world and their inter-subjectively shared social world from the subjective worlds of individuals and (other) collectives” (p. 70), while still exercising the validity claims corresponding with these three worlds.

It therefore follows that the lifeworld stands in direct relationship with communicative action as the medium for the reproduction of lifeworlds. “Communicative action takes place within a lifeworld that always remains in the background of participants in communication” (Habermas, 1984, p. 335). The lifeworld provides participants with the taken-for-granted assumptions and skills that are present in communicative action.

What Habermas so often refers to as situations are not defined in the sense of being sharply delimited. Situations are segments of lifeworld contexts, relevant to particular themes. Situations are articulated through goals and plans of action (Habermas, 1987, pp. 122-123). Speech and action, while situated within situations, are the “unclarified fundamental concepts to which we have recourse when we wish to elucidate, even in a preliminary way, what it is to belong to, to be an element of a socio-cultural lifeworld” (Habermas, 1984, p. 108).

Habermas (1987, pp. 124-126) pictures the lifeworld in terms of several metaphors. He describes the lifeworld as a “reservoir of taken-for-granted, unshaken convictions that participants in communication draw upon in cooperative processes of interpretation”; “a culturally transmitted and

linguistically organized stock of interpretive patterns”; a “stock of knowledge which supplies members with unproblematic, common, background convictions that are assumed to be guaranteed”; a “transcendental site where speaker and hearer meet, where they can reciprocally raise claims that their utterances fit the world”; “a horizon” within which those in conversation move together. All these metaphors point to what Habermas means when he says that participants in speech acts belong to the lifeworld, along with their speech acts, in such a way that “they cannot refer to “something in the lifeworld” in the same way as they can refer to facts, norms and experiences” (Habermas, 1987, p. 125).

The lifeworld, although always in the background of communicative contexts and speech situations, is not static. As participants in communicative action move from one position of rationally motivated understanding to the next, the lifeworld not only absorbs such outcomes, it gets differentiated and becomes structurally more complex. In this way, the process of rationalisation inherent in communicative action, namely the consensus that results from the authority of the better argument in a speech situation (Habermas, 1987, p. 145), leads to the rationalisation of the lifeworld itself.

According to Habermas (1984) “the rationalization of the lifeworld makes possible a kind of systemic integration that enters into competition with the integrating principle of reaching understanding and, under certain conditions, has a disintegrative effect on the lifeworld” (p. 343). This process of rationalisation, according to Habermas (1987, p. 186), “makes possible the emergence and growth of subsystems whose independent imperatives turn back destructively upon the life-world itself”. While successful communicative action in a community of rationally motivated actors therefore leads to consensus-based problem solving, the fruit of which becomes visible in higher levels of complexity and differentiation, the lifeworld itself becomes decentred. Mutual understanding is no longer covered in advance and the oscillation between communicative

and strategic action orientations becomes more frequent and evident. This is what Habermas (1984, pp. 70-71) refers to as the rationalisation of the lifeworld in the dimension of “normatively ascribed agreement” versus “communicatively achieved understanding”.

Against this background of understanding what ‘lifeworld’ means, how it functions, develops, differentiates and becomes rationalised, the discussion now moves to a related Habermasian concept, namely ‘the system’.

3.2.2.2 *The system*

What Habermas calls ‘the system’ comes about as the result of rationalisation and differentiation in the lifeworld, which flows from the increasing sophistication of the problem-solving capacity through communicative action as rational practice. Habermas (1987) describes this dynamic as “the connections that obtain between the increasing complexity of the system and the rationalization of the lifeworld ... understood in terms of successive releases of the potential for rationality in communicative action” (pp. 155-156). This is a process in which action oriented to mutual understanding gains more and more independence from normative contexts, and greater demands are made upon everyday language to the point where it becomes overloaded and in the end replaced by “delinguistified media”. Essentially it comes down to the “uncoupling of system and lifeworld” and leads to a process in which the lifeworld can no longer contain the increasing systemic complexity to the point where the system’s own inherent imperatives “burst” the capacity of the lifeworld.

This notion of the “uncoupling of system and lifeworld” forms an essential part of how societies develop and become structurally transformed. This is what Habermas (1987, p. 153) refers to as a process of differentiation in which the complexity of the one (the lifeworld) and the rationality of the other (the system) grow. This is a twofold process in which, on the one hand, the lifeworld itself becomes a subsystem, but in such a way that there are many different lifeworlds within the same

society. Modern societies are inherently multilingual and multicultural, and characterised by a variety of worldviews and value systems. On the other side of the same process, a system of increasing autonomous organisations develops, epitomised as the market and the state, which are not connected by means of communicative reason, but by instrumental steering media, namely money and power.

Some elaboration on Habermas's characterisation of the market and the state is needed here. Habermas (1987) describes the state in traditional societies as an organisation "in which is concentrated the collectivity's capacity for action – that is the capacity for society as a whole" (p. 171). In modern societies, however, the "functions relevant for society as a whole are distributed to different subsystems" (p. 171) such as the administration, military and judiciary in order to attain collective goals, based on binding decisions. Political will formation is no longer shaped by the inclusive consensus-seeking nature of communicative action characteristics of the lifeworld, but through the steering medium of power at work in political decision-making and bureaucratic structures.

The Habermasian perspective of the market entails more than just viewing it as a collective of organisations existing for the sake of labour, production and the exchange of goods. While its nature is determined by the steering medium of money, it is this very medium that shapes the economic character of society as a whole. It leads to what Habermas (1987) refers to as "the communicative practice of everyday life one-sidedly rationalized into a utilitarian life-style" (p. 325) characterised by consumerism, possessive individualism, performance and competition. Over and above this direct influence on households, customers, employees and competitors, there is also an influence on the state as administrative goals, policies, relations, and services get more and more monetised and incorporated into a system of fees and taxes.

The consequences of this uncoupling of lifeworld and system, combined with the rationalisation and differentiation of society, lead to a position in which “the capitalist enterprise and the modern administration are systemically independent units within norm-free subsystems ... independent from communicatively structured lifeworld relations” (Habermas, 1987, p. 172). This leads to what Habermas refers to as the “colonization of the lifeworld” as it becomes more provincial and shrinks to a subsystem. This development, however, does not stop the rationalisation process which is continuously at work in both the lifeworld and the system. As the market and the state continue on their paths of increasing differentiation and specialisation, they move further and further away from the lifeworld context of consumers and citizens and become less and less able to provide solutions to society’s challenges. The lifeworld, on the other hand, despite its lesser capacity for social integration in its colonised state, differentiates into a multiplicity of communicative action communities engaging in activism or protest regarding things such as quality of life, human rights, the environment and global peace and security. Such activism goes beyond the allegiance to party politics and corporate brand loyalty, as people, from a lifeworld perspective, form new types of movements around things such as the environment, peace, minorities, women and tax protest.

When viewed from an organisational perspective, there seems to be a certain ambiguity about the disposition of a business organisation in the lifeworld–system complex. For example, in the context of a small town or a traditional economy a business may simply be viewed as a subsystem of the lifeworld. In such a situation there is almost a fusion between ownership, employment, production, sale of goods and services, and customer relationships. There seems to be a natural reciprocity of value creation and exchange between business and community – neither just premised on monetary interests, nor always ethically acceptable. Conflict of interest, for example, may be a concept beyond the vocabulary and comprehension of those involved. However, the observation that people in a lifeworld share a common story, may have similar values, and speak the same language explains how the lifeworld forms an unspoken and presupposed background even for the way in

which business may be conducted. The latter, however, is not to say that all business conditions and conduct in the lifeworld is necessarily morally justifiable.

On the other side of the spectrum there is the business organisation in the modern society and globalised economy. In this case, it may be regarded as a subsystem within or alongside other subsystems and not limited to having a presence in one economy in one society only. To the extent that it transcends national borders, it needs to reckon with different sets of legal or policy requirements. Factors such as employment, procurement, production and quality control become more complicated, more measured and more transactional. Not only is there a greater potential for risks around, for example, product quality and safety, harmful environmental impact, the exploitation of communities, conflict of interest and corruption, but also a greater societal demand for compliance, ethicality, accountability and transparency.

In between these two opposite ends, as described in the preceding paragraphs, emerge a number of observations and questions, specifically from a lifeworld–system perspective and, in this case, with a focus on the business organisation in the *modern* society. The first observation is about the business organisation in relation to the market and the state. Together these two societal subsystems represent the domain where the steering media of money and power dominate. From the perspective of the market, a business organisation is expected to be competitive and profitable, while satisfying the expectations of shareholders, investors, owners, employees, suppliers and customers. From the state's perspective it has to be legal and compliant while abiding by the variety of laws that control the legitimacy of its existence together with its legal obligations and duties towards employees, customers, the environment, communities, and the state itself. The business organisation therefore operates in a field of opposing forces and competitive expectations in the midst of which it needs to maintain its mission in ways that are ethical, responsible and sustainable. This in itself is a formidable managerial challenge. This is attended to again in section 3.3.

The second observation is about the internal working of a business organisation in relation to the lifeworld and the system. If Habermas's distinction, on the one hand, and interrelationship, on the other, between these two societal dimensions are accepted, the question may well be asked whether a business organisation should primarily be understood in system terms only – in other words in terms of how it is structured and equipped to operate and perform in a market economy. Are there not also within the organisation itself several lifeworld dimensions when viewed from the perspective of its people, the communities they come from, the language they speak, and the beliefs, values and ethics they subscribe to? A business organisation in a modern society can barely be expected to represent a uniform lifeworld, when several lifeworld expressions co-exist within it. This observation may tie in with business conversations about culture and shared values by means of which business organisations attempt to bring synergy and a sense of belonging amid the diversity that de facto exists within itself. No business organisation stands above or can afford to neglect the human need for interaction and relationships. No business organisation can simply sustain itself by means of strategic action alone. Complex and challenging as it may be, there ought to be room for communicative action as well. Over time a business organisation attains its own lifeworld consisting of individual lifeworlds and aspects of organisational culture. This partly explains the difficulties of making organisational mergers work.

The third observation is about the incorporation of traditional economy business entities into modern supply chains. A Habermasian perspective here may reveal that while the intention is good, the effective execution thereof may be more complex than expected. What happens in effect is that businesses from communities where lifeworld conditions dominate are brought into the supply chains of larger businesses where system conditions dominate. Business owners who are used to transact in environments where the lifeworld forms the unspoken background of the language, concepts and values that determine the exchange of goods and services are effectively brought into supply chains regulated by quality standards for products and services, legally binding transaction

prescriptions, and corporate social responsibility requirements and codes of ethics. Where worlds dominated by either lifeworld or system orientations meet up in supply chains, there are bound to be complications and challenges that will not simply be resolved by means of the force of strategic action, but may call for being normatively justified through a process of communicative action instead. What cannot be denied is that many business organisations will exploit such situations for their own instrumental benefit. On the other hand, those who commit themselves to be morally responsible may find that in their supply chains they have an ethical obligation and an educational role to play in matters such as sub-standard health and safety conditions, the presence of child labour practices, poor product quality and safety standards, meagre living wages, environmental management deficiencies and the like.

The fourth and last observation under this rubric is about the business organisation's responsiveness to the global sustainability agenda. In Habermasian terms, many of today's sustainability concerns can be regarded as the negative by-products of the ever-evolving process of societal systems rationalisation. The very process that makes societal modernisation possible is capable of creating conditions that may at the same time be unsustainable. Whereas Habermas may come across as overly cynical about the influence and power of big corporations and bureaucratic administrations, which turn citizens into consumers and voters, his concerns about the potentially negative systemic effects thereof are not unfounded. While it is almost inevitable that this situation will generate and increase inequality, and lead to environmental exploitation and damage, it also, as Habermas explains, leads to new forms of protest in lifeworld-type groups and movements. It is therefore essential that business organisations make a conscious effort to understand how they are perceived by stakeholders in terms of their contribution to the well-being of the economy, society and the environment. It is equally important that they create the conditions for consciously reflecting on their duties and responsibilities in this regard. This illustrates how vital it is that a business organisation consciously maintains a critical disposition regarding the moral consequences

of its strategically oriented decisions and actions. In a business organisation it is therefore imperative that strategic action should always be open for moral justification on the basis of communicative action. In Habermasian terms this is not a conversation about balance, but about ensuring that the latter informs and determines the moral quality and direction of the former. This point is aptly illustrated in the way in which the Institute of Directors in Southern Africa (2009, p. 102) defines the concept corporate social responsibility as “the responsibility of the company for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour”. The definition goes further and explains responsible behaviour to include sustainable development; the health and the welfare of society; stakeholder interests and expectations; and compliance with applicable law and international norms of behaviour. The definition also talks about corporate social responsibility as behaviour that is integrated throughout the company, practised in its relationships, and applied to all products, services and processes.

The kind of discourse by means of which measure of corporate responsibility can be achieved is the theme of the next section. It deals with the question about who should be both conscious and equipped to call for speech situations where matters for moral and ethical consideration can be dealt with from the perspectives of truth, rightness and truthfulness. Situations such as these should register on the agenda of management and a responsible manager should be capable of identifying and dealing with them communicatively as they arise.

3.2.3 *Discourse ethics*

The concept of discourse ethics is well associated with Habermas, especially in relation to his theory of communicative action. It is to be noted, though, that he does not actually provide a full account of discourse ethics in his two volumes on TCA except for passing references to it (Habermas, 1984, p. 230; 1987, pp. 77, 91, 92). A comprehensive account of the concept appears in Habermas’s *Moral Consciousness and Communicative Action* (1990). In the introduction to the

latter, the translator, Thomas McCarthy, summarises the agenda behind Habermas's account of discourse ethics by making three points about it, namely 1) that it "replaces Kant's categorical imperative with a procedure of moral argumentation so that normative justification is tied to reasoned agreement among those subject to the norm in question" (Habermas, 1990, Kindle location 58); 2) that it is "an attempt to connect discourse ethics to the theory of social action via an examination of research in the social psychology of moral and interpersonal development" (Kindle location, 85); and 3) that it "bases the justification of norms on the uncoerced, rational agreement of those subject to them" (Kindle location, 116).

In his own account on the concept of discourse ethics, Habermas first goes back to the fundamental positions he took in TCA (1984; 1987). He reiterates the kind of understanding that underpins communicative action which, through the validity claims of truth, rightness and truthfulness, protects everyday communication against coercion (Habermas, 1990, p. 19). He then continues to the three functions of language, namely that of "reproducing culture and keeping traditions alive; that of social integration or the coordination of the plans of different actors in social interaction; and that of socialisation or the cultural interpretation of needs" (p. 25). These presuppositions become the groundwork for answering the questions pertaining to the sense and manner in which moral commands and norms can be justified. Habermas's (1990) purpose is to show "that moral justifications are dependent on argumentation actually being carried out, not for pragmatic reasons of an equalization of power, but for internal reasons, namely that real argument makes moral insight possible" (p. 57).

Habermas's argument, primarily in his own words, can be reconstructed as follows:

1. "The attempt to ground ethics in the form of a logic of moral argumentation has no chance of success unless we can identify a special type of validity claim connected with commands

and norms and can identify it on the level on which moral dilemmas initially emerge: within the horizon of the lifeworld” (Habermas, 1990, pp. 57-58).

2. “If claims to validity do not appear in the plural there [sic] in contexts of communicative action and thus prior to any reflection, we cannot expect a differentiation between truth and normative rightness to occur on the level of argumentation either” (Habermas, 1990, p. 58).
3. Interactions are communicative under the following conditions: 1) participants coordinate their plans of action consensually based on the recognition of the intersubjective validity claims to truth, rightness and truthfulness; 2) participants arrive at agreements not by resorting to strategic action in the form of threat, sanctions or any prospect of gratification, but by abiding to communicative action which seeks rationally motivated outcomes by relying on the illocutionary binding/bonding effect of the offer contained in the speech act between them (Habermas, 1990, p. 58).
4. “The two discursively redeemable claims to validity that are of particular interest to us, claims to propositional truth and claims to normative rightness, play their roles as coordinators of action in different ways.” This leads to the observation that the relation of speech acts to norms is not the same as the relation of speech acts to facts, which is the same as saying that “claims to truth reside only in speech acts, whereas the locus of normative claims to validity is primarily in norms and only derivatively in speech acts” (Habermas, 1990 pp. 59-60).
5. “While there is an unequivocal relation between existing states of affairs and true propositions about them, the ‘existence’ or social currency of norms says nothing about whether the norms are valid. We must distinguish between the social fact that a norm is intersubjectively recognized and its worthiness to be recognized. There may be good reasons

to consider the validity claim raised in a socially accepted norm to be unjustified”

(Habermas, 1990, p. 61).

6. “True impartiality pertains only to that standpoint from which one can generalise precisely those norms that can count on universal assent because they perceptibly embody an interest common to all affected. It is these norms that deserve intersubjective recognition”

(Habermas, 1990, p. 65).

7. Every valid norm has to fulfil the following conditions:

- a. The universalisation principle (U): “All affected can accept the consequences and the side effects its general observance can be anticipated to have for the satisfaction of everyone’s interests”.
- b. The discourse principle (D): “Only those norms can claim to be valid that meet (or could meet) with the approval of all affected in their capacity as participants in a practical discourse”. (Habermas 1990, pp. 65-66)

What needs to be highlighted in Habermas’s account of discourse ethics is the connection between moral argumentation and collaboration through a process of communicative action. According to Habermas (1990, p. 66), “the problems to be resolved in moral argumentation cannot be handled monologically but require a cooperative effort”. Conflicts of a moral nature are to be resolved by means of moral argumentation with the aim of restoring consensus. Habermas (1990, p. 68) concludes by saying the following:

Discourse ethics, then, stands or falls with two assumptions: (a) that normative claims to validity have cognitive meaning and can be treated like claims to truth and (b) that the justification of norms and commands requires that a real discourse be carried out and thus

cannot occur in a strictly monological form, i.e., in the form of a hypothetical process of argumentation occurring in the individual mind.

While the communication in business organisations in modern societies may be dominated by strategic action and perlocutionary aims, the nature of many of the dilemmas they are confronted with, from an internal and external stakeholder perspective, may best be resolved through a discursive process that is both fair (U) and valid (D). From a contextual perspective, contemporary business organisations function in a pluralistic society with a diversity of cultures and value systems informing what markets value and how they work. From an internal organisational perspective, businesses are populated with diverse employees (in terms of gender and race) with diverse backgrounds (in terms of culture, religion and social status). All of this creates a dynamic and changing environment in which strategic, operational, transactional and relational decisions are part of the daily managerial agenda. There is, therefore, much relevance in the discursive ideal of Habermas, especially in view of his postulate of the ideal speech situation in which both the principle of universality (U) and the discourse principle (D) can guide the process of ethical decision making. From the perspective of communicative action, upholding both principles – even if only partially possible in many circumstances – can safeguard a business from consistently prioritising strategic rationality over communicative rationality. Maintaining a discursive relationship between these two rationalities by making use of the principles of discourse ethics in decision-making will do much to build a values-based and morally conscious business culture.

It is not difficult to imagine the kind of speech situations in a business organisation for which a discourse ethics approach will be appropriate. Following the framework of Crane, Matten and Spence (2014), it can be argued that there are four areas of business practice that have specific relevance from a discourse ethics perspective. Firstly, there is the *workplace* where, for example, consideration has to be given to matters around workforce composition, remuneration, health and

safety, and human rights. Secondly, is there the *marketplace* where procurement, product quality and safety, and relation to suppliers, customers, investors and regulators have to be considered. Thirdly, there is the *environment* with reference to pollution, waste management, energy consumption, greenhouse gas emissions, biodiversity, climate change and natural resource security. Lastly, there are the *communities* within which a business organisation operates and in which case careful consideration may be called for around matters of corporate giving, the externalisation of negative business impacts, and the exploitation of needs for the sake of marketing and brand building. In all four of these practice areas, with reference to all the cited examples, there constantly looms the possibility of ethical compromise of various kinds, be it in the form of discrimination, human rights abuses, corruption, exploitation or manipulation. All these instances of ethically compromised behaviour have one thing in common: they damage the intersubjective nature of human existence and thereby also the fabric of society. Therefore, these kinds of moral challenges that business organisations are constantly at risk of coming up against demand not strategic expediency, but a discursive approach based on communicative rationality and stakeholder inclusivity. When faced with such dilemmas, business organisations will do best if they follow the pathway of discourse ethics in order to arrive at consensual outcomes through moral argumentation grounded in truth, rightfulness and truthfulness.

Through his appeal for a discursive approach, grounded in a theory of communication action, Habermas steers between two opposite approaches that often characterise the ethical conversations in a business context, namely that of the deontological imperative on the one hand and utilitarianism on the other. Discourse ethics makes it possible, at least in principle, to get beyond ideological positioning in matters of ethical concern by means of providing the criteria and process framework on the basis of which new positions of moral consensus can be argued. Without denying a business organisation's propensity for instrumental reasoning and strategic action, discourse ethics provides for the possibility that the actors in a situation of ethical risk can agree to call for a different kind of

speech act, namely a communicative one in which the better argument stands a chance to win. It is one of the peculiar characteristics of corporate scandals that there almost invariably have been voices of warning, be they whistle-blowers or just concerned stakeholders with lesser powers, not heeded or deliberately suppressed.

From the foregoing, and in the ambit of this research project, follows the inevitable question, namely: How does one cultivate the awareness and competence for moral discourse in practice in a business organisation? And, on the assumption that this relates to the managerial task, how can such awareness and competence be acquired and mandated to work in the interest of the organisation itself, the society in which it is situated, and the variety of internal and external stakeholder relations in which it is embedded? This is the theme of the next section.

3.2.4 Moral consciousness and competence

In *The Theory of Communicative Action* (1984; 1987), Habermas's interest is in constructing a theory of modern society. In *Moral Consciousness and Communicative Action* (1990) he explores the relationship between communicative action and the development of moral consciousness and competence. Although he engages with both Piaget and Kohlberg on this matter, the focus in this research falls on the latter. Habermas differs with Kohlberg on some of his positions, but he has regard for the bridge that Kohlberg provides between social science and moral philosophy (Habermas, 1990, p. 33).

Habermas's interest in Kohlberg's approach is motivated by the explanation Kohlberg offers on how people come to develop the competencies needed for moral-practical problem solving in situations of communicative action. Going back to the theory of communicative action, "the problem solving in question is measured objectively either in terms of the truth claims of descriptive statements, including explanations and predictions, or in terms of the rightness of normative statements, including justifications of actions and the norms governing them"

(Habermas, 1990, p 33). According to Kohlberg (and Piaget as well), the type of competence in question is the result of a socially constructed learning process of problem solving in which the learning subject is actively involved together with others. The challenge in this approach that interests Habermas (1990, pp. 35-36) is how Kohlberg is able to maintain a universalist and cognitive position while preventing this process from ending up in moral relativism. The answer to the challenge seems to lie in Kohlberg's staged universal approach to moral development, starting with childhood and ending in adult life. In Kohlberg's terms, this process evolves over six stages in which every subsequent stage is morally better or more adequate than the previous. Habermas (1990, p. 117) sees in this development path a connection to discourse ethics.

Kohlberg's six stages (Habermas, 1990, p. 122) can be summarised as follows: The process of moral development evolves over three levels divided into two stages each.

- Level A, described as “preconventional”, contains stage 1 – “the stage of punishment and obedience”; and stage 2 – “the stage of individual instrumental purpose and exchange”.
- Level B, described as “conventional”, contains stage 3 – “the stage of mutual interpersonal expectations, relationships and conformity”; and stage 4 – “the stage of social system and conscience maintenance”.
- Level C, described as “postconventional and principled”, contains stage 5 – “the stage of prior rights and social contract or utility”; and stage 6 – “the stage of universal ethical principles”.

These stages explain how an individual acquires moral consciousness and competence from childhood to adult life. They also explain how the process of learning becomes more consensual from one stage to the next and how the demand for an explanation of moral judgments becomes more prevalent at the same time. According to Habermas (1990, p. 125), “discourse ethics is compatible with this constructivist notion of learning in that it conceives discursive will formation

(and argumentation in general) as a reflective form of communicative action and also in that it postulates a change of attitude for the transition from action to discourse". Habermas also refers to this as the transition from "norm-guided action to norm-testing discourse" (p. 126).

In Kohlberg's stage 3 and 4, the (young) individual follows the path of sociomoral obligations, expectations and duties. Stages 5 and 6, however, are of a more reflective nature, and demand a new attitude to the social world, namely the willingness and ability to enter into communicative action on the basis of normative validity claims. Moral decisions, in this postconventional and principled level of moral development, are now "generated from rights, values or principles that are (or could be) agreeable to all individuals composing or creating a society designed to have fair and beneficial practices" (Habermas, 1990, p. 124). Caught between the certitudes of the lifeworld on the one hand and the complexities of the social world on the other, participants at this level of development are faced with the challenge of reaching agreement on moral dilemmas by means of the same validity claims that count for speech situations in communicative action. In this process it is no longer the normativity of existing orders, typical of the lifeworld, that counts, but a process of argumentation through which new social norms have to be established on the basis of reason.

The complexity that Habermas ascribes to this process is worthy of note. Whereas participants initially may have entered into this communicative situation from the simplicity of the values and ethics that apply in the lifeworld, they are now participating in a continuous process of norm-formation in which norms of action are conceived as subject to other norms. They are subordinated to principles, or higher-level norms. The validity rather than the social currency of norms becomes the ground for action. For Habermas (1990, p. 160) "[t]o act morally, is to act on the basis of insight". This capacity, he says, develops at the postconventional stage of interaction, which "makes it clear that moral action is a case of normatively regulated action in which the actor is oriented

toward reflectively tested claims to validity” (p. 162). The settling of moral conflicts has therefore has to be underpinned by justified reasoning alone.

There now remains one more aspect to cover, namely the way in which Habermas perceives the relationship between discourse ethics and the process of moral development. Using the metaphor of “the sought-after moral point of view”, he states that “justificatory power resides only in the discursive procedure that redeems normative claims to validity” and that this “power stems in the last analysis from the fact that argumentation is rooted in communicative action” (Habermas, 1990, p. 163). There is a reciprocity at work here which, firstly, in the pre-conventional phase of moral development, appears “between authority-governed complementarity and interest-governed symmetry” (Habermas, 1990, p. 162). Secondly, it appears in the behavioural expectations linked to social roles versus the rights and obligations linked together in norms in the conventional phase. Thirdly, in the post-conventional phase, the reciprocity matures into a cooperative search for truth in a communication community. Morality, in the discourse ethics sense of the word, is therefore present in mutual understanding in language from the very beginning of this process.

What is to be noted in the development of this unfolding process, though, is what happens in the transition between the conventional and the post-conventional phase. In the conventional phase, morality and ethics still habituate together in the lifeworld, whereas in the post-conventional phase they part ways and start playing different roles in the moral discourse (Habermas, 1990, p. 164). Ethics remains an important feature of the lifeworld as it continues to deal with questions of the good life and the common good. Morality, on the other hand, becomes autonomous and oriented to “principles of justice and ultimately to the procedure of norm-justifying discourse” (Habermas, 1990, p. 167). The process of rationalisation therefore leads to a situation in which moral issues at the societal level become independent of and are dealt with differently than the issues of the good life in the lifeworld.

As a means to profile the task of moral philosophy, Habermas concludes this trajectory in his thinking by putting back on the table the same kind of moral issues that he identified in the lifeworld–system complex in TCA (1987). This task is to uphold a discursive process of moral decision making on the basis of which the big moral practical issues of our time can be dealt with: “hunger and poverty in the third world, torture and continuous violations of human dignity in autocratic regimes, increasing unemployment and disparities of social wealth in Western industrial nations, and finally the self-destructive risks of the nuclear arms race” (Habermas, 1990, p. 211).

Habermas’s approach to moral discourse, as based on Kohlberg’s theory of moral development, certainly aligns with the complexities of ethical conversations in a business organisation in a modern society. People originating from different lifeworlds work together for what they assume to be a common purpose in an organisation embedded in a variety of complex relationships with multiple stakeholders and associated subsystems. The occurrence of moral dilemmas and failures are almost inevitable. Examples of what these can entail have already been cited. The challenge to be highlighted here is about how to anticipate such dilemmas, how to avert them, and how to deal with them when they occur.

Assumptions about organisational culture might indicate that this is a matter of shared values taken care of by managers who employ the right people and instil appropriate values in the organisation (Palmer, 2013; Sims & Brinkmann, 2003). The combination of discourse theory and a theory of moral development, as presented by Habermas, may paint a more nuanced picture, though. To start with, it cannot be presupposed that everyone involved in a morally demanding situation shares the same level of moral development, as per Kohlberg’s six stages. Neither can it be assumed that the manager will necessarily possess the requisite levels of consciousness and competence that may be needed in a situation of moral conflict or ambiguity. It is quite possible that a manager may be in charge of employees of whom some may have a better developed propensity

for identifying ethical risk in a variety of contexts. The latter might be the result of differences in age, experience, business or industry knowledge, maturity, or lifeworld factors that shift people to one or the other side of the moral development spectrum. A second factor might be the process of rationalisation at work in society and all its subsystems, as described by Habermas in his treatise of the lifeworld and system concepts. This process implies that the emergence of ethical dilemmas will be an ever-present reality in any society and all its subsystems and that what counts as a moral consensus in the present may prove to be inadequate as new challenges of an ethical nature arise. The rise of artificial intelligence, the effects of genetic modification, the consequences of the fourth industrial revolution and the associated risks of global warming may serve as examples in this regard. Inasmuch as it is demanded from other walks of life, business organisations will also have to sharpen their awareness and ability to find new moral consensus for dealing with such matters. This insight may point to inadequacies regarding a mere appeal to ethical organisational cultures if not complemented with building the moral consciousness and competence required to respond in morally normative ways to an ever-expanding array of ethical challenges to which business organisations are exposed on a daily basis.

Business organisations can only be morally conscious by means of the people they employ. While it cannot be accepted that every member has achieved the desired level of maturity in moral development, the organisational context is able to provide for communicative situations in which, by means of a discourse ethics approach, moral consensus can be developed for dealing with present challenges or in anticipation of new ones. Discourse ethics in combination with moral consciousness and development thus have the following reciprocal potential: not only does it make communicative moral discourse possible, it also builds the moral consciousness and competence of the participants in the discourse in order to equip them for their contribution to the ethical character of the organisation in relation to its various practices, processes and relationships. The specific

implications that these observations hold for the management role are attended to in the next section.

3.3 Conclusions

It is virtually impossible to cover Habermas's work in depth or in detail within the parameters of a research project such as this. It is nevertheless the intention of this project to make Habermas's TCA accessible and usable for management education in business schools and managerial practice in a business context. In this chapter, four key elements of Habermas's TCA have been examined for their applicability in a business context, namely 1) communicative action; 2) lifeworld and system; 3) discourse ethics; and 4) moral consciousness and competence. It has been found that all four resonate well with the nature and challenges of a modern-day business organisation.

In addition to the foregoing, some very specific observations deserve to be noted. Firstly, Habermas's TCA makes it possible to speak of a business organisation in the context of a theory of society. Secondly, inasmuch as TCA represents such a theory, it provides a framework for viewing a business organisation as a communicative entity in the midst of a complex web of societal subsystems. Thirdly, owing to this very disposition, a business organisation may regularly find itself confronted with situations or issues in need of normatively validated decision making in which it has to prioritise communicative rationality over its natural inclination for strategic action. The latter does not happen all by itself, but needs the capacity for moral consciousness and competence. In this study it is argued that the availability and development of this capacity is a managerial responsibility. What this responsibility entails is the theme of the next chapter.

4. MANAGEMENT AS COMMUNICATIVE ACTION

4.1 Introduction

If communication, in Habermasian terms, provides the conditions for shared understanding, meaning-making and coordinated action, then communicative rationality should be able to provide moral guidance, and even corrections when needed, to the strategic orientation of a business organisation. Contained in this task of business management is the challenge of restraining the propensity for instrumental utility, in the interest of short-term gains, with the guidance of moral responsibility and accountability, for the common good. Recognising that this is the omnipresent challenge of managing a business is accompanied by the need for a holistic and integrative framework capable of accommodating a reciprocal discourse between the moral–ethical and strategic –operational dimensions of the managerial task. Communicative rationality spells out the principles and processes for making this possible.

Habermas has not written about the task of the manager per se. He does, however, write about what he regards to be the ‘responsible person’, stating that:

Only responsible persons can behave rationally. If their rationality is measured by the success of goal-directed interventions, it suffices to require that they be able to choose among alternatives and to control (some) conditions in their environment. But if their rationality is measured by whether processes of reaching understanding are successful, recourse to such capacities does not suffice. In the context of communicative action, only those persons count as responsible who, as members of a communication-community, can orient their actions to intersubjectively recognized validity claims (Habermas, 1984, p. 13-14).

Habermas does not attend to an exposition of ‘responsibility’ as such, at least not in his works that primarily informed this thesis, namely the two volumes of *The Theory of Communicative*

Action (1984; 1987) and *Moral Consciousness and Communicative Action* (1990). It is, however, worthwhile to note how he integrates the concept with different aspects of his theory. From the quote cited above he seems to understand responsibility as being in relation to intersubjective rationality. Other examples further amplify this core argument.

In a section on meaning and validity in TCA (1984, p. 302), responsibility appears in the context of a speech act in which a speaker offers a warranty of the validity (referring to truth, rightness and truthfulness) of what he or she is saying as well as the consistency of his or her further reasoning and behaviour in view of it. Elsewhere (Habermas, 1984, p. 426), he is in agreement with Kuhlmann (1975, p. 84) in referring to responsibility “as the capacity to orient oneself to validity claims that aim at intersubjective recognition”, meaning that a person, as speaker or author, needs to enjoy the same level of relationship with the interpreter that will enable her/him to be capable of learning from the interpreter’s critique in response. In TCA (1987, p. 99), Habermas refers again to responsibility in the context of a speaker–listener relationship with reference to both the raising of “a criticizable validity claim with his speech act offer” followed by those actions that result from the intersubjective understanding which they have achieved with one another. Such understanding, according to Habermas (1987, p. 100), includes the presupposition that the actors want to act responsibly, in other words they wish to assume accountability. Discussing the cultural reproduction of the lifeworld, Habermas (1987, p. 141) stresses the interrelatedness of “the rationality of knowledge, the solidarity of members and the responsibility of the adult personality”. In further reference to the unpredictability of lifeworld conditions and the fact that actors actually never have their action situations under control, he once more mentions the dual imperative of responsible participation and the orientation to criticisable validity claims (1987, p. 149). In MCCA (1990, p. 161), Habermas, in reflection upon Kohlberg’s theory of moral development, calls responsibility “a special case of accountability”, which means that it is an orientation toward an “agreement that is

rationally motivated and conceived as universal: to act morally is to act on the basis of insight”.

Responsibility hangs together with intersubjective validity and morally oriented accountability.

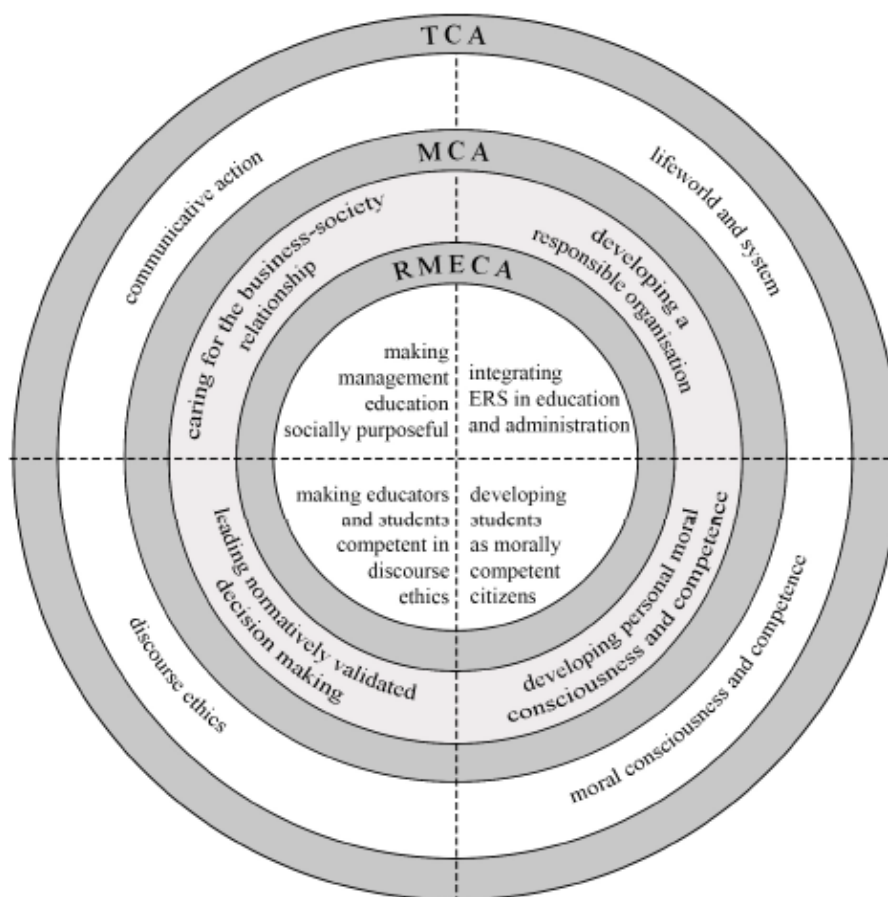
Viewed from the perspective of strategic action, the notion of responsible management in a business organisation may be limited to ensuring that intended business outcomes are achieved as efficiently and effectively as possible. The managerial task, viewed from this perspective, entails the integration of people, systems and processes in such a way that the best possible cost–benefit ratios can be achieved. Viewed from the perspective of communicative action, the picture changes and that which may have been unconsciously assumed as the accepted norms of how people should be managed, processes should work and stakeholders should be treated may now be deemed necessary to be revisited in terms of their normative validity (referring to truth, rightness and truthfulness). Occasions in which such an approach may be called for have been discussed at length in 3.2. The assumption on which this research is based, namely that the managerial task in a business organisation contains the responsibility and integration of both the strategic–operational and moral–ethical dimensions, seems therefore to be rationally justifiable. What now remains are two aspects, namely 1) to conceptualise a framework through which this notion of management as communicative action can become actionable; and 2) the education of the manager to be knowledgeable and competent in order to manage accordingly. The former of these items is discussed below, while the latter is reserved for chapter 5.

4.2 Management as communicative action in four domains of responsibility

Peter Drucker (1955, Kindle location 78) refers to the manager as “the dynamic, life-giving element in every business” and to management as “a leading group in industrial society”. He goes as far as referring to management as a distinct and leading institution and organ of society through which economic change can be “made into the most powerful engine of human betterment and social justice” (Drucker, 1995, Kindle location 77). Although Drucker regards the discharge of the

economic responsibility of a business as the first and foremost priority of management, he nevertheless holds the opinion that it should be done “so as to strengthen society, and in accordance with society’s political and ethical beliefs” (Drucker, 1995, p. 7). In Drucker’s understanding, management contains three jobs, namely “managing a business, managing managers and managing workers and work”. These jobs are not only interrelated and interdependent, they also demand continuous decision making in which both the present and the future are always intertwined. The managerial task, even in Druckerian terms, is therefore of an inherently communicative nature.

On the basis of Habermas’s perspectives, the notion of management as communicative action – alternatively, the execution of intersubjectively validated action in a business organisational context – entails at least four critical responsibilities. These responsibilities include 1) caring for the business–society relationship; 2) developing a responsible organisation; 3) leading normatively validated decision making; and 4) developing personal moral consciousness and competence. These responsibilities have consequences not only for how management can be responsibly conducted in a business context, but also how managers can be educated and trained through responsible management education. These four responsibilities will not be extensively worked out here. The intention is rather to consolidate that which has already been implied over the course of this research and to frame it as a provisional model. In Figure 2 below, MCA (the middle ring) illustrates how these responsibilities are simultaneously informed by Habermas’s TCA (the outer ring) and interrelated among themselves.

Figure 2: Management as communicative action in four domains of responsibility

Source: Adapted from Habermas (1984; 1987; 1990)

4.2.1 MCA1: The responsibility to care for the business–society relationship

In chapter 1, reference was made to the context in which business organisations operate. This context has been described from the perspective of the 21st century sustainable development challenges facing today's world, followed by the demand that business organisations exercise greater responsibility regarding the impact they have on the environment, society and the economy. In chapter 3, the systemic and complex interrelatedness of business and society have become even more visible, especially as a result of Habermas's distinction between lifeworld and system and the colonisation of the former by the latter; the development of capitalist societies by means of the increasing rationalisation, differentiation and expansion of the roles of the market and the state

through the steering media of money and power; and the eventual emergence of unsustainable conditions in the environment, society and the economy. In terms of Habermas's social theory, the business–society relationship becomes a much more systemic challenge than it may appear on face value. Embedded in this systemic complexity, a business organisation can either completely side with the strategic rationality at work in the system and further contribute to the deterioration of the world's sustainability prognosis, or recognise its moral responsibility and find counteracting ways toward the opposite. Habermas's theory of communicative action certainly points towards the acceptance of such moral responsibility, but then it needs to find a home in how business organisations think and operate. This observation opens the door for rethinking the managerial task in the context of the business–society relationship.

The business–society relationship can, systemically speaking, first be viewed in terms of the business organisation's reciprocal relationship with the natural environment. From this perspective a number of morally relevant issues come to the fore, of which the competition for scarce and decreasing resources and the environmental impact of business operations on the environment may be the most obvious. It is imperative for a business organisation to consider the extent to which it will adapt its policies and renew its systems and practices in order to conduct its operations in an environmentally responsible and sustainable manner. It may also be essential to collaborate with competitors in order to arrive at normatively agreeable arrangements on the utilisation of scarce resources. Instead of resistance, a business organisation may do better to exercise stakeholder engagement with environmental action groups when they express concerns over the footprint and impact of its operations. And, in a similar manner, it should be conceivable for business organisations and governments to agree on and diligently maintain legislation and policies that improve the prospects of future environmental sustainability.

Secondly, the business–society relationship pertains to the business organisation’s reciprocal relationship with the social environment in which it operates and the extent to which it either contributes to what is morally unacceptable or questionable, or contributes to a society that is more just and sustainable. Once again, several morally relevant issues present themselves. It should be important for a business organisation to concern itself with the big social issues of our time, namely poverty, inequality and unemployment over and above the employment it already provides. In certain conditions it may be considered as necessary for a business organisation to take up a public responsibility and step in where the state fails with respect to the provision of social services and public infrastructure over and above the taxes it already pays. A business organisation should certainly concern itself with the social consequences of its departure from a specific community. In the case of going offshore to a dispensation with fewer demanding regulatory requirements than in the country where a product is officially registered, a business organisation may have to consider which country’s moral standards it will choose to uphold. And, when human rights issues may be present or arise in either home or host country, the organisation may be confronted with whether it can be regarded as its moral duty to respond and what its response should entail.

Lastly, the business–society relationship also entails a business organisation’s relationship with the economy. This relationship is often overlooked as if it were assumed that business belongs to the economic system and therefore has responsibilities only with regard to the environment and society. Accounts of corporate corruption show how an apparently financially successful business can turn into a disaster for the economy. Serving customers well is seen as a positive, but excessive consumerism may have detrimental social consequences. High profitability might be the ultimate prize for a business, but when taxes are hidden in offshore havens, the societies where the money was made in the first place are defrauded of the necessary infrastructure development and social capital that may rightfully have been its due.

If so many issues of moral relevance are tied into a systemic view of the business–society relationship, it may be warranted to question whose responsibility within a business organisation it is to ensure that these issues receive proper attention. From a Habermasian perspective, these issues will not be easily attended to in an organisational culture where strategic rationality and a perlocutionary type of communication dominate. Issues of this nature are best dealt with in a communicative speech environment where they can be argued from a moral point of view where the best argument stands a chance to win and where normative rationality on the basis of truth, rightness and truthfulness will determine the actions that result from it. Owing to the nature of these issues and the realisation that they surface at the interface between business and society, it should be regarded as a management responsibility to ensure that they receive attention. Management collectively and managers personally should have the moral sensitivity and competence to create around these issues conditions for communicative reason in the context of which responsible decisions and actions can flow. These occasions for communicative action should never be authority-level-specific in a business organisation, but should happen at board, executive and operational levels. Neither should they be limited to insiders only, but should involve the stakeholder voices through which they have been manifested in the first place. Furthermore, engaging with these issues communicatively, in the Habermasian sense of the word, is not premised on resolving them in isolation, but may deliver rich conversations about matters of purpose, ownership, value creation, stakeholder relations, systemic sustainability, and what it means for a business organisation to hold a social licence to operate. This is as much a personal as it is a collective imperative, for as Habermas (1984, p. 14) says, “those persons count as responsible who, as members of a communication-community, can orient their actions to intersubjectively recognized validity claims”.

Although the business–society relationship may come across as particularly complex, it needs to be stated that business managers are not left without guidance as they navigate their organisations

through various morally challenging decision situations. Surprisingly, they gain from the very same process of rationalisation and differentiation at work in society that leads to the acceptance of laws and the implementation of policies. Societies, by and large, have standardised requirements, embedded in law, that apply to individuals and institutions and therefore to business organisations. In this regard, Bohman and Rehg (2014), for instance, explain how Habermas, after the publication of TCA in 1984 and 1987, and MCCA in 1990, increasingly spent time on the relationship between discourse ethics, politics and law. Zurn (2014, p. 158) explains how Habermas regards legal systems as essential to “foster social integration in the face of disruptive modernization” and how “positive law operates through general, publicly promulgated norms that apply across various domains of social life”. This process, according to Zurn (2014, p. 158), also has relevance for organised forms of cooperation through which legal entities such as corporations and associations can be established. Law takes an organising role in society’s subsystems as it makes agreements possible, guides socially acceptable behaviours, governs the nature of contracts, and determines how markets and bureaucracies are supposed to work. The point is that business managers, in seeking the best ways of exercising their responsibility in the business–society relationship stand to gain from the guidance that the law provides for what can be regarded as responsible business in a multistakeholder societal context.

Beyond the law, there is a similar process of rationalisation at work among business organisations and other societal stakeholders who have come to agreements about what may count as socially responsible business behaviour. Reference has already been made in section 1.2.1.2 to several global initiatives and guiding frameworks that will assist business managers with moral decision making in matters pertaining to workplace, marketplace, and environment- and community-related responses and behaviours. From a global perspective, reference can be made to well-known frameworks such as the UNGC and the SDGs, or, from a more local perspective, to corporate governance codes such as King in South Africa or Cadbury in the UK. Gilbert and Rasche

(2007), for example, explain how Habermasian discourse ethics can be applied to improve the Social Accountability 8000 standard to further develop the institutionalisation of social accounting in multinational corporations. In agreement with the intentions of this study, they argue that “the concept of communicative action should not be considered as an endeavour to limit (strategic) business activities from an outside perspective, but as a process of critically reflecting on the normative preconditions of the legitimate value-creation of firms from within the economic system” (Gilbert & Rasche, 2007, p. 192). Scherer and Palazzo (2007, p. 1103) make use of Habermasian perspectives to present what they call “a discursive conception of CSR”. They base this on Habermas’s ideals of deliberative democracy and argue for a vision of the business firm which accepts a political role, nationally and globally, in working with other societal stakeholders to improve the prospects of sustainable development on a worldwide scale.

While taking up the responsibility for the business–society relationship as an expression of MCA may indeed be a demanding expectation, business managers are already surrounded by multiple forms of normatively justified frameworks which they can draw on in their own communicatively determined responsibility discourses in their organisations. In similar vein, such internal business discourses can, in a reciprocal manner, further inform the development and application of these frameworks.

4.2.2 MCA2: The responsibility to build a responsible organisation

The second action domain for an understanding of management as a form of communicative action pertains to the inner life and operations of a business organisation. The modern corporation is a multifunctional, interdisciplinary, multicultural, and technology-embedded entity functioning at the confluence of supply chains and various kinds of stakeholder relationships. Management occurs at the nexus of different functions within a business: at the interface between the people, systems and processes of a business; as the bridge between the strategy and operations of a business; at the

exchange between internal and external stakeholder relationships, and in between the levels of authority within a business. Earlier mention was made of the four dimensions of responsible corporate practice of Crane et al. (2014). By using this set of interrelated practices – the workplace, the marketplace, the environment and the community – as a lens on the business organisation, it becomes easier to see where morally relevant questions and challenges arise. Corporate responsibility in the *workplace* emphasises the value of an inclusive workforce which works together in a safe and healthy environment, while being fairly remunerated. From a *marketplace* perspective, responsible corporate practices illustrate the value of a business brand that provides quality products at a fair price, treats suppliers fairly, is a delight for investors, and pays taxes fully and duly. In terms of *environmental* practices, corporate responsibility shines the light on low-impact technologies, clean production, the importance of recycling, and prudence with respect to non-renewable resources. And in terms of *community* practices, responsible corporate behaviour helps a business organisation to realise the importance of understanding and respecting the communities – or in Habermasian terms, the lifeworld settings – in which it operates, employs some of its people and sells some of its goods.

Viewing the internal nature of a business organisation from both the strategic–operational and the moral–ethical perspective, as suggested above, holds consequences for how the task of the responsible manager is understood. From the strategic–operational perspective, it firstly presupposes that a manager should possess the necessary interdisciplinary competence to deal with the multiplicity of business functions, and possess relational competence to deal with the variety of stakeholder contexts within which a business is embedded. It secondly presupposes that a manager should possess the requisite moral consciousness and competence to realise when there is occasion for ethical concern and thus be capable of creating a communicative context within which conversations based on normative rationality can happen.

The insight that may be derived from the foregoing observations is that in a business organisation there is a close proximity between technology (that which underlies the materials, systems and processes of production), finance (that which indicates whether the business is profitable and sustainably viable) and morality (that which determines whether the way in which the business is run is fair and just to all concerned). This may rightly lead to the conclusion that strategic reason (that which drives a business organisation forward) and communicative reason (that which keeps it good and fair) should never be allowed to lose sight of each other. Although Habermas (1987) argues that the lifeworld is the real home of communicative reason and that the system operates in “norm-free sociality” (1987, p. 307) and has the propensity for having a life and momentum of its own, it remains clear that a business organisation functions in both domains. This makes it so much more relevant to realise that occasions for communicative action in a business organisation have to be deliberately created by choice whenever demanded by situation or context. In terms of the intentions of this research, this is an imperative in the job description of the responsible manager. Whereas, in terms of both the sustainable development discourse (chapter 1) and the responsible management education discourse (chapter 2), it may be argued that it is a managerial responsibility to take care of developing a sustainable and responsible organisation, the magnitude of which should not be underestimated.

4.2.3 MCA 3: *The responsibility to lead normatively validated decision making*

The complexity of the decision-making context as well as the issues concerned in a business context should by now be evident and in no need of being repeated in detail. While macro-ethical dilemmas manifest from the disposition of a business organisation in a broader societal context, there is a certain ‘granularity’ and directness to those dilemmas presenting in workplace-, marketplace-, environment-, and community-related contexts. Decisions may involve various stakeholders and are taken at various levels of authority. Decisions can either present the intent of

strategic action – and sometimes this will be rightfully sufficient – or may need to follow the pathway of communicative action. The latter may be called for in response to an existing moral dilemma or as a precaution to prevent one from occurring, or for safeguarding the integrity of strategic action. Furthermore, the interrelationship between the strategic–operational and moral–ethical dimensions of business operations determines that the knowledge and competence of relating these two dimensions in a discursive manner will be a managerial responsibility. From this perspective it may be recommended that business managers be capable of understanding and leading the process of discourse ethics. This capability belongs to the notion of responsible management inasmuch as it is part of the conceptual household of the theory of communicative action.

There is no further need to repeat either the core of TCA, summarised in Habermas (1990, p. 58) or the two premises, (U) and (D), on which his discourse theory is based (1990, p. 65). What remains to be explained is the value that his approach has for the conceptualisation of management as communicative action. To begin with, Habermas offers an approach to discourse which is not tied to the ethical orientation or position to which the manager and other participants adhere. The focus is rather on the fairness of the process and the joint approval of the normative validity of the outcomes by all concerned. Making this kind of conversation possible is a skill that a manager can develop over time. The eventual benefit of this mastery does not accrue to the manager only, but to all others concerned as it becomes cemented in the culture of the organisation. If it works well, it builds organisational capacity for moral discourse and contributes to a collective process of moral development and advancement. It needs to be added, though, that focusing on moral discourse as process is not a waiver of a manager's own ethical standards. The mere choice for this process, by a manager, is already an expression of an ethical disposition.

The second point of value for the organisation is that discourse ethics, owing to its focus on inclusiveness, should make it possible to cut through the silos between different business functions, the layers between levels of authority and the boundaries between internal and external stakeholders. The (U) principle demands the inclusion of the interests of all concerned, if not including them in person wherever practical. There is therefore an inherent stakeholder orientation in discourse ethics. In fact, it is not the deliberate inclusion of the other (the stakeholder) alone that counts, but the question about ‘which other’ becomes important as well. By means of this process there is a smaller chance that stakeholders with less power or stakeholders with inconvenient points of view will be deliberately excluded from being recognised or personally included. Ethical issues pertaining to business organisations and the impact of their practices usually surface in the intersubjective processes between different stakeholders, whether just internally or between internal and external. Without the stakeholder’s voice, ethical issues may go unnoticed or ignored, mostly with negative consequences. Management as communicative action is therefore based on the presupposition of recognising and attending to the stakeholder voice as an occasion for inclusive moral dialogue.

The third point of value to be raised about discourse ethics in relation to management as communicative action concerns the possibility of bringing different types of relevant information together in the same discussion. In this way it opens the possibility that that which is scientifically or technically conceivable, financially profitable, and even legally permissible, can be discussed in view of what is morally justifiable. When this happens, the search for the moral point of view in an ethically ambiguous situation may evolve to a position in which that which is morally normative does not stand separate from other sources of knowledge, but includes them from the perspective of the three validity claims of truth, rightness and truthfulness. In this way it can be conceived as a managerial responsibility to hold the strategic–operational and moral–ethical dimensions of

business operations, and their impact on the economy, society and environment, in a discursive relationship.

4.2.4 MCA4: The responsibility to develop personal moral consciousness and competence

The last domain of management as communication action to be attended to concerns the manager's responsibility for his or her own moral consciousness and competence. If the responsible manager is the one who should, by means of communicative reason, care for the business–society relationship, build organisational responsibility in various domains of business practice, and create space for communicatively grounded ethical discourse, what then does it say about the manager's responsibility towards self? Conversely, how can the manager take responsibility for his or her own moral consciousness and competence?

Some of the challenges around this question have already been suggested in previous sections. It has been pointed out that the managerial role has a pivotal significance at the interface of several relationships, for example between business and society, between functions, between layers within the business, between people and systems, and between the business organisation and its various stakeholder constellations. Ethical dilemmas emerge from all these spaces, sometimes as a consequence of business decisions and actions, and sometimes as an invitation for ethical discourse prior to decision making and action. It has also been elucidated that within the relational context of the managerial role – be it among other managers, or in relation to team members, or in exchanges with societal stakeholders – not all participants may share in the same level of moral development. Nor is it a given that the manager's own moral consciousness and competence are of the same level of development as those he or she may encounter in ethical discourse at any given point in time. Furthermore, inasmuch as anyone else has been shaped by a unique lifeworld context and narrative

that may represent the presupposed background of beliefs and values in a communicative situation (Habermas, 1990, p. 177), it is true for the manager as well.

In the context of all of this, what does it then entail to suggest that the manager also take responsibility for the development of his or her own moral consciousness and competence? An answer to this question may be found in the way that Habermas connects the development of moral competence with learning in the intersubjective context of moral discourse. In the introduction to *MCCA*, the translator Thomas McCarthy sets the tone for this core tenet in Habermas's thinking, saying that "[m]embers of our species become individuals in and through being socialized into networks of reciprocal social relations, so that personal identity is from the start interwoven with relations of mutual recognition" (McCarthy, as cited in Habermas, 1990, Kindle location 117). This process of socialisation, says McCarthy, demands consideration for the preservation of "both the integrity of individuals and the web of interpersonal relations in which they form and maintain their identities" (Kindle location 117).

During the course of *MCCA* (1990), Habermas makes several references to learning. Much of this focus on learning originates from his appreciation for the constructivist nature of the psychological and moral development theories of Piaget and Kohlberg respectively (Habermas, 1990, p. 33). In this regard he refers specifically to the acquisition of knowledge as the result of a learning process; and states that learning involves a process of intersubjective problem solving and is guided by the insights of those who are actively involved. These principles also characterise the central tenets of his theory of communicative action and the very nature of discourse ethics itself. In conversation with Piaget and Kohlberg, Habermas (1990, p. 125) concludes that "discourse ethics is compatible with this constructivist notion of learning in that it conceives discursive will formation (and argumentation in general) as a reflective form of communicative action and also that it postulates a change of attitude for the transition from action to discourse". He also later describes

this transition, which results from the intersubjective nature of communicative action, as “the transition ... from norm-guided action to norm-testing discourse” (Habermas, 1990, p. 127) as a person grows in maturity from childhood to adulthood.

Applied to the managerial task, it can now be argued that the moral agency of a manager, perceived as the capacity to be conscious and competent in situations that may be deserving of moral judgement, does not stand apart from the intersubjective nature of life itself and, in this case, the business organisation in particular. In the same manner that ethical capacity has intersubjectively been shaped in the lifeworld, normative validity is being communicatively achieved in an organisational context. This presupposes in the first place the availability and willingness to learn together with others in situations of moral uncertainty or conflict. Secondly, it presupposes the willingness to abstain from strategic action and perlocutionary aims in such situations and avails the space and time for stakeholders in a moral dilemma to come to a new normative consensus, based on truth, rightness and truthfulness. Thirdly, it requires the willingness to listen, to learn and to change in communication with others as they in moral discourse move to new positions of normative validity.

There is therefore a sense in which it can be argued that, in communicative action, authenticity trumps authority. It presupposes the prioritisation of communicative action over strategic action and illocutionary aims over perlocutionary aims. This in itself may be the responsible manager’s biggest challenge as it may require a different use of his or her presupposed managerial prerogatives based on the predominant strategic aims of the business organisation. However, as Habermas argues, “[o]nly responsible persons can behave rationally ... only those persons count as responsible who, as members of a communication-community, can orient their actions to intersubjectively recognized validity claims” (Habermas, 1984, p. 13-14).

4.3 Conclusions

This study is premised on the hypothesis that a concept of responsible management can be developed on the basis of Habermas's theory of communicative action. It is further premised on the presupposition that such an endeavour might complement the responsible management education project with a conceptualisation of management through which the much sought after integration of ethics, responsibility and sustainability in both management education and organisational practice can be better achieved. The former of these two premises has been attended to in this chapter; the latter is considered in chapter 5.

There are several conclusions to be drawn regarding the conceptualisation of responsible management on the basis of Habermas's TCA. The first conclusion is that, in the more narrow sense of what responsible management means, there are none of the Habermasian concepts that have been explored in this study that do not have relevance to the execution of the managerial task in the context of a business organisation. Whereas it can be argued that the managerial task can essentially only be executed in intersubjective situations and by means of communication through language and speech acts, TCA helps to understand why, in the context of a business organisation, strategic action so often has sway over communicative action, as a result of which the moral–ethical considerations in business decisions and activities are neglected in favour of the strategic–operational ones. TCA therefore makes it possible to come to a richer conceptualisation of management, namely one in which the moral–ethical and strategic–operational dimensions can be held together, even with due acknowledgement of the discomfort and tensions that may arise when the need for the former has to override the momentum of the latter.

The second conclusion is that TCA, in the broader sense of what responsible management means, provides the responsible management discourse with a theory of society in view of which the business–society relationship can be conceptualised. Habermas's TCA makes it possible to

understand this relationship in systemic terms and highlights business organisations' essential embeddedness and interrelationship with other subsystems and lifeworlds in a broader social context. Neither a business organisation nor the management function so akin to it can afford to deny the warnings that Habermas's treatise of the lifeworld–system dynamics hold for the market, the state, and the state of the world (environment, society and economy). However, it was also pointed out in this chapter that the process of systemic rationalisation at work in society is also at work in stakeholder networks with a commitment to sustainable development and corporate responsibility. As a consequence, guidance for responsible business behaviour has been made available through several agreements, codes and frameworks. TCA therefore expands the view on what responsible management might entail and enables the application of morally justifiable and systemically holistic considerations in business decisions and actions.

The third and final conclusion of relevance for the conceptualisation of management as communicative action pertains to the kind of moral discourse that it enables. Based on Habermas's intersubjective and discursive approach to ethics, the complexities of moral decision making in a business context can go beyond the narrow distinction between right and wrong, which is characteristic of deontological positions, on the one hand, and the relativistic and short-term orientation characteristic of utilitarian positions on the other. This approach to moral discourse also does not fall into the trap of 'good people will not do bad things'-reasoning that may characterise virtue-based positions. The complexities of business decision making in a modern pluralistic society are of such a nature that no ethical theory as such can be regarded as sufficient to deal with all. Habermas's discursive approach is able to accommodate these dispositions in a communicative speech situation and provides a principle-based process path towards moral problem solving. Applied to the concept of responsible management, it shifts the focus from the ethical stance of the manager in relation to a moral dilemma towards the manager's consciousness that a moral dilemma

is in need of being settled and his or her competence to facilitate such a discourse in the midst of a plurality of stakeholders and competing values and beliefs by making use of discourse ethics.

In view of this, it can be concluded that Habermas's TCA provides the epistemological grounding for 'management as communicative action'. How this may translate to the task of responsible management education is the focus of the next chapter.

5. RESPONSIBLE MANAGEMENT EDUCATION AS COMMUNICATIVE ACTION

5.1 Introduction

This study is based on the hypothesis that Habermas's theory of communicative action (TCA) is capable of providing responsible management education (RME) with a guiding concept about what 'responsible management' means, phrasing it as 'management as communicative action' (MCA). The foundations for the necessity of such a conceptualisation were laid in chapters 1 and 2 with specific reference to the business school community's response to the educational imperatives of the global sustainable development and corporate responsibility concerns of the 21st century. In chapter 3 the focus was on Habermas's TCA, how it might serve as a valid epistemological basis for such a conceptualisation and how it might apply to the managerial task in a business organisation. This led to the proposal that MCA represents four domains of responsibility, as argued in chapter 4, namely accepting accountability for the business–society relationship; developing a responsible organisation; leading normatively validated decision making; and caring for personal moral consciousness and competence.

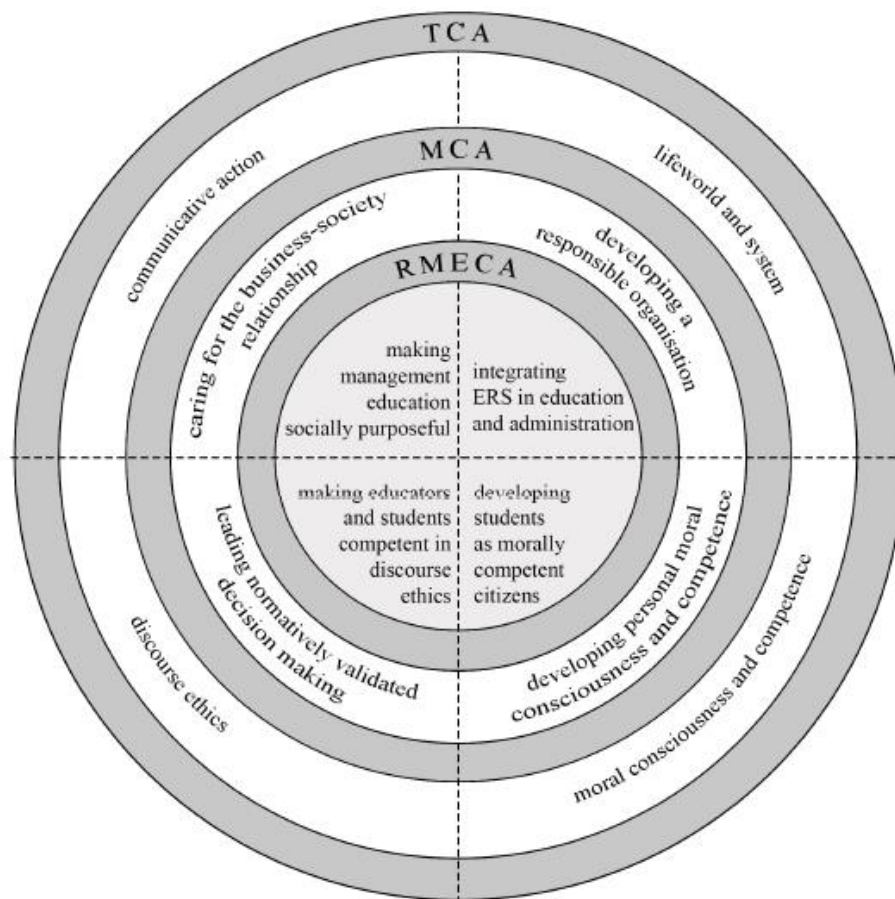
MCA does not intend to replace the vast array of managerial tasks in a business organisation. In fact, such a claim would go against the logic of one of the central tenets in Habermas's thinking, namely that of the continuous process of rationalisation at work in society and all its subsystems. To the extent that this process occurs in society, it happens in its organisational subsystems as well. The modern business organisation is what it is today as a result of its reciprocal relationship with other subsystems in society and as a result of the ongoing internal rationalisation within itself. The task of management, and the role of the manager, develop in conjunction with this ever-evolving dynamism. MCA implies that the process of rationalisation should not be allowed to follow an amoral and norm-free pathway, as a result of which management will invariably and exclusively be understood in strategic–operational terms, serving short-term instrumental objectives. MCA

determines that the task is also to be defined in communicative and normative terms. Through the lens of discourse ethics, the truth, rightness and truthfulness claims contained in an intersubjectively achieved position of moral consensus in relation to a business matter should be accorded full validity status in relation to empirically based truth claims of, for example science, technology and finance, among others.

With the argument above as point of departure, the question is now how MCA may inform the RME project. The intention in this chapter is not to repeat what is already written about ethics, responsibility and sustainability integration in management education and the direction that business schools should take in rethinking their role in society. Worthwhile work has been done in this regard by management education scholars, PRME-related experimentation, and the accreditation bodies (AACSB, AMBA and EQUIS). The intention is now to consider how Habermas's TCA (chapter 3) and the conceptualisation of MCA (chapter 4) may inform an approach to management education that, in this chapter, will be described as responsible management education as communicative action (RMECA).

5.2 Responsible management education as communicative action

Based on the four responsibilities in the MCA framework, four tasks for RMECA are herewith proposed, namely 1) making management education socially purposeful; 2) integrating ethics, responsibility and sustainability (ERS) in education and administration; 3) making educators and students competent in discourse ethics; and 4) developing students as morally competent citizens. The interrelationship between these four tasks, on one hand, and TCA and MCA, on the other, is illustrated in Figure 3.

Figure 3: The four tasks of responsible management education as communicative action

Source: Adapted from Habermas (1984; 1987; 1990)

5.2.1 *Making management education socially purposeful*

Through his TCA, Habermas offers a meta-theoretical and systemic perspective on society in view of which it is possible to reflect on the role of and interrelationship between its various subsystems and institutions. It is therefore possible to develop a Habermasian perspective on the role of business schools in society, corresponding with MCA1 (4.2.1) and the purpose of the management education they provide. It is notable that Irwin, Salskov-Iversen and Morsing (2011, pp. 76-78) look at business schools as important laboratories for the future and their role in advancing knowledge with societal benefit in mind. They further advocate for defining the task of business schools “from the perspective of the company and society and not from the academic

career system” and express a “strong belief in the importance of bringing relevance and citizenship into the core of business school identity and thereby influencing managerial practice”.

Swan et al. (2011, pp. 179-180) present a similar argument by pointing out the imprisonment of management schools in a profit first ideology in which people are portrayed as “maximizers of their own expected utility” and where students are equipped to “operate in the existing system in an effective way without concerning themselves with its purpose or defects”. As a result, they say, students do not develop the capacity to reflect critically on the economic system, and only learn how to make it more effective and efficient, irrespective of the consequences for sustainable development. The alternative should be for management schools to develop students who are capable of engaging with the social responsibilities of the twenty-first century. These responsibilities, Swan et al. (2011) argue, include an understanding of how human societies evolve; the willingness to question the legitimacy of economic and financial power; rethinking the purpose of the firm; practising an ethics of foresight; engaging in new forms of societal debate; and to exercise the necessary precaution with respect to the use of science and technology.

Challenging the false maxims of profit maximisation and shareholder primacy as the purpose of business and business education, Samuelson (2011) calls upon business schools to develop a new rigour that engages with fundamental questions “concerning the purpose of the firm and its discrete activities, about its interdependences with the context in which it operates and about our collective notions of what constitutes success in business” (p. 150).

What should business schools then do to rethink the purpose of management education? To start, business schools may gain from the work of scholars who have sought Habermasian applications in education. According to Fleming (2010) “Habermas sees education as developing in learners the kind of critical reasoning that is required for a democracy. He identifies a learning project at the center of democratic society. This learning project is a defining mission for universities” (p. 112).

What is happening instead, Fleming (2010, p. 121) says, is that “too often, education allies itself with the system rather than with the lifeworld. The system has adopted the discourse of lifelong learning that almost always involves the adaptation of isolated, individual learners to the corporate-determined status quo of the economy”. Joldersma and Crick (2010) focus on the role that education has to play in the formation of active, competent citizens. This role entails, among other things, the preparation of students to be citizens “able to engage in reflective communication within a plurality of public voices” (2010, p.141). Universities should therefore be places where students, as citizens, can develop the competencies for discourse, even to the point where they are capable of withstanding the reduction of “citizenship to an economic system’s logic” (2010, p. 142).

According to Fleming and Murphy (2010), Habermas’s relevance for education is in the shift away from away from education as being by efficiency, strategic interests and action, power and money and competence. The task of education is rather to be an “activity that incorporates an ethic of care, of justice, and a foregrounding of learning for citizenship” (Fleming and Murphy, 2010, p. 206).

More specific to management education, business schools may do well with applying these Habermasian perspectives directly to themselves, specifically by engaging with questions about their purpose and role in society and the fundamental underpinnings of their educational task and guiding theories. In an environment where narrow views on the economy, business and personhood tend to dominate, the application of Habermasian perspectives may lead to new insights about the educational task of business schools. Habermas’s views on the lifeworld and the system, on the economy and the state, on capitalism and the role of corporations (Habermas 1987), as well as on intersubjectivity and moral agency (Habermas, 1990) may go far in helping business schools 1) to amend their propensity for economic rationality with a theory of society; 2) to develop a theory of business beyond that of profit maximisation; and 3) to educate students as citizens instead of primarily viewing them as functional managers.

RMECA should therefore equip students with a holistic and systemic understanding of the relationship between and the role of business in society. Whereas management students should be equipped to run a business organisation well, they should also be equipped to do so responsibly. In Habermasian terms, this essentially includes the awareness of intersubjectivity from a personal perspective and the awareness of interdependence and the necessity of interorganisational and intersectoral collaboration from a societal perspective. Business schools and business organisations are stakeholders in a social system beyond themselves and are co-responsible for the conditions in that system for the long-term well-being of all who are part of and dependent upon it.

Therefore, more specific to the RMECA agenda, a Habermasian view on the purpose of management education may widen the scope on ERS integration. Beyond asking the question about whether a business school is ethical, responsible and sustainable, and beyond the question about whether these notions are integrated in the educational curricula, there is the question about that which in society is not ethical, responsible and sustainable, whether management education may have contributed to causing that, and the extent to which business schools may be expected to amend their teaching. Habermas therefore provides a social and systemic perspective on the meaning of ethics, responsibility and sustainability in relation to management education and the purpose and role of business schools in society. Students have to learn this through both the educational discourse and managerial practices within business schools.

5.2.2 Integrating ethics, responsibility and sustainability in education and administration

The importance of ERS (ethics, responsibility and sustainability) integration into management education has been extensively argued in the first two chapters of this thesis. The scholarly debate argues for it, the PRME provides a framework for it, and the accreditation bodies demand evidence of it. Several scholars offer views on how this task of ERS integration may be pursued. Samuelson

(2011, pp. 155-156) is of the opinion that a new rigour is needed, the starting point of which should be to move inquiry to a new level where business schools can call on students to ponder three fundamental questions pertaining to every business discipline and decision, namely “1) what is the purpose, in both business and societal terms, of a company, business activity or financial investment?; 2) what is the social context of a business decision or investment (who needs to be consulted, rights of stakeholders, impacts of strategy, etc.)?; 3) how are performance and profitability assessed?”. This, Samuelson (2011) states, may demand that business school faculty do more to engage students in conversations and questions around business purpose, decision making models and how to give voice to their values.

Irwin, Salskov-Iversen and Morsing (2011, p. 80) advocate for what they refer to as “important counter-discourses from within the business school environment”. These discourses include topics or subjects such as business ethics, corporate social responsibility, sustainability, stakeholder theory, the triple bottom line, and critical management studies. However, they do not want these on the margins of the discourse, but in the core, and not only in the classroom, but in the leading business school journals and conferences, and in interactions with practitioners as well.

In a view that strongly corresponds with MCA2 (4.2.2), Losada et al. (2011) argue extensively that business schools should develop an identity in relation to ethics and social responsibility which transcends the curriculum and determines how business schools are managed as socially responsible institutions. They say that “focusing on the programme content is important but also insufficient, and it is therefore necessary to address how business schools are transmitting values because, ultimately, this is one of their primary responsibilities” (Losada et al., 2011, p 165). The management subsystems and corresponding practices in question here will include business schools’ commercialisation policies, publicity material, sales process, candidate selection, evaluation criteria, grading and feedback, research agendas, forms of social engagement and impact

on society, participation in rankings or not, budgetary policies, management tracking systems (what is being measured, observed and monitored), faculty hiring and management, administrative and service staff, and preferred associations and partnerships.

A Habermasian perspective on ERS integration into management education thus seems to have several significant consequences for the RMECA project. Assuming that the presuppositions of Habermas's TCA are accepted as a valid sociotheoretical framework to define the purpose and role of business schools in society, it may be argued that the conceptualisation of management as communicative action (MCA) may have validity for both the teaching and administrative dimensions of a business school's activities.

From a teaching perspective, MCA may provide an integrative metaphor that helps to break down the silos between different subjects in the business school curriculum. With MCA in mind, the teaching task within the various disciplines may thus go beyond theoretical considerations of the ERS-related consequences of what is being taught, for example in subjects such as strategy, finance, economics, marketing, operations, information technology, business ethics and sustainability. MCA should make it possible to consider how such a variety of subject-specific viewpoints – mostly characterised by divergence in terms of their meta-theoretical presuppositions and implications for practice – can find a meaningful convergence by means of such an integrative concept of the task of responsible management. MCA may therefore help to break down the silos between management education subjects by enabling conversations about both the strategic–operational and moral–ethical implications of what is being taught, the consequences of the same when practised in the context of a business organisation, and the systemic implications thereof for the environment, society and the economy. It should be added that such an achievement across the full spectrum of a management curriculum will demand the mastery of discursive communication capabilities by faculty and students. This is attended to in section 4.4.3.

When applied to the administrative dimensions of a business school, MCA makes it possible to have critical conversations about the integration of ERS across the spectrum of its institutional practices. The four-dimensional matrix of Crane et al. (2014), referred to in 3.2.2, can be applied in this context as well. Similar to business organisations, business schools have to account for the ERS-related attributes of their practices in relation to workplace, marketplace, environment and community. *Workplace* conditions, workforce composition, and remuneration policies and practices are as potentially contentious in business schools as in any other organisation. How a business school presents itself in the *marketplace* from a branding perspective and how it manages its stakeholder relations (higher education regulators, accreditation agencies, employers, student recruits, and suppliers) matters as much as for any other organisation. With ethics, responsibility and sustainability in mind, the *environmental* perspective carries significance in terms of natural resource utilisation, the environmental footprint of infrastructure and technology, the impact of travel and logistics, and how waste management is being done. From a *community* perspective a business school may be challenged by questions about the financial accessibility of its programmes or whether it makes management education available for community-based entities such as non-profit organisations and small businesses. It may therefore be concluded that MCA is also applicable in the administrative domains of a business school's operations where the moral–ethical and strategic–operational dimensions of decisions and practices should always be considered together.

From a Habermasian perspective, the task of ERS integration, as proposed by RMECA, can be pursued via MCA, both in the educational and administrative practices of a business school. It is furthermore important to note that the complementarity between these two dimensions should not be neglected. As argued by Losada et al. (2011), there is an undeniable 'practise what you preach'-dimension for business schools in question here. For this to happen, though, will be dependent upon whether or not it is supported by a culture of communicative discourse.

5.2.3 *Making educators and students competent in discourse ethics*

The mere debate about the necessity of ERS integration in management education offers evidence of a set of themes that struggles to find a natural home in the educational programme of business schools. This has been highlighted in section 2.2 by referring to the plea of several scholars to correct the situation, especially with a focus on the place of ethics in the curriculum and the ethical development of students (Ghoshal, 2005; Datar et al., 2010; Bieger, 2011; Samuelson, 2011; Hommel & Thomas, 2014). Reference has also been made in section 2.3 to a more recent development, namely to find in the advancement of the SDGs an avenue through which business schools can restore their relevance for business and society while at the same time developing the ERS-related competencies of students (Haertle et al., 2017; Annan-Diab & Molinari, 2017; Storey et al., 2017; Weybrecht, 2017).

The urgency around ERS integration in management education is timely and appropriate, but the complexity of getting it right should not be underestimated. Not only is this a very recent development against the background of a hundred years of management education, it also happens in the context of market forces loaded with vested expectations about the kind of managers that business schools should produce. It is in this regard that Kleymann and Tapie (2010) warn against surface-level interventions which may treat the symptoms, but remain largely insufficient and ineffective bricolage. Instead they call for “the education of mature and responsible men and women who have acquired solid thinking skills enabling them to act with wisdom in an increasingly complex world” (Kleyman & Tapie, 2010, p. 164).

In view of the arguments above there is certainly reason to seek a Habermasian perspective on ERS integration from a teaching perspective, similar to that of MCA3 (section 4.2.3) from a responsible management perspective. Several scholars focus on the value of Habermas’s TCA, and specifically also his discourse ethics, for education. Englund (2010, p. 23) focuses on the value of

deliberative communication as an “endeavor to ensure that each individual takes a stand by listening, deliberating, seeking arguments and evaluating, while at the same time there is a collective effort to find values and norms that everyone can agree upon”. Papastephanou (2010) highlights the importance of mutual understanding, a dialogical ethos, and the legitimising force of the better argument as the only recognised authority. In addition, Papastephanou (2010) asserts that it is important to realise that truth is not simply based in convention, that any idea may be challenged by others, and that beliefs which claim universal validity should be justifiable through discursive processes.

According to Fleming (2010, p. 119), the educator’s role in this “is to create classrooms that encourage the fullest participation in discourse, assist students to critically assess the validity of their ways of making meaning and seek perspectives that are more open to change”. Fleming (2010, p. 119) furthermore adds that “too much education is about work, skills, how to do things. It is preoccupied with defining learning tasks, outcomes, behavioral objectives and measuring competence. Too much is about the system, the economy and training”. Brookfield (2010, pp. 127-128) states that Habermas’s communicative action is something that adults can learn and that adult educators can teach by creating “learning opportunities in which these ways of speaking are honored and practiced, and that they can do their best to model their commitment to these dialogic forms in their own educational actions”.

Habermas’s discourse ethics therefore seems to be highly relevant for the RMECA project in business schools. Its value is not based on representing yet another school of ethics, but in providing a process-based approach to ethical dialogue. It does not need to be limited to ERS-specific courses, but should be at home in any course where the managerial task in relation to business and society is under discussion. Instead of limiting ERS teaching to a course, a discourse ethics-embedded approach to education can be practised across the full educational curriculum. There is no subject in

a management education curriculum that stands free of the need for ethical deliberations. Every subject has consequences in respect of how the purpose of business is understood, how the relationship between business and society is defined, and what the eventual impact thereof on the environment, society and economy may be. Every subject, and therefore every lecturer, shapes the mind and develops the knowledge and skills of the student as manager. Instead of delegating ERS education to a dedicated subject, a business school may do better by equipping educators in the principles and competencies of discourse ethics so that every classroom may become an occasion for the practice of communicative rationality.

It needs to be added that the modern MBA is as inherently international in its orientation as modern business is embedded in globalisation. MBA classes across the world are diverse in composition and so is the profile of faculty. In such diverse environments, representative of multiple cultures, worldviews, beliefs and values, the ethics conversation can either be avoided, or students may be expected to accept the ethical authority of educators, or a way can be found to enable ethical discourse in a meaningful way. On the assumption that educators possess of the competence to lead such conversations, Habermas's discourse ethics makes it possible for educators and students to participate as equals.

5.2.4 Developing students as morally competent citizens

It is not uncommon to find references to greed in publications on management education (Alajoutsijarvi, Juusola, & Siltaoja, 2015; Anderson & Escher, 2010; De Jongh & Prinsloo, 2005; Hühn, 2014; Muff, 2013; Murnighan & Wang, 2011; Smit, 2013; Spender, 2014; H. Thomas et al., 2014). These contributions reflect a twofold concern, the first of which refers to the explicit assumption held by most management educators about profit maximisation as the ultimate purpose of business. The second concern relates to the anthropological twin of the previous concern, namely that people are portrayed as self-interest maximisers. It should therefore not be surprising that

references to greediness form such an integral part of stories of corporate abuse, corruption and failure.

In view of the concerns named above, it deserves to be asked whether management education can make students more ethical or, alternatively, whether management education premised on ERS integration will succeed in improving the ethicality of the managers they teach. The intention with this research is not to develop a conclusive answer to this question. The intention is rather to develop a Habermasian perspective on what RMECA can realistically achieve in relation to the moral development of students.

Habermas's views on moral consciousness and competence in the world of the practising manager have already been attended to in MCA4 (section 4.2.4). In translating this to the educational context, the following three tasks come to the fore: 1) to understand the moral complexities in the world of the practising manager; 2) to help students relate the managerial task to the notion of citizenship; and 3) to equip students with an intersubjective view on personhood and moral agency.

In relation to the first implication for RMECA, namely to understand the moral complexities in the world of the practising manager, Habermas's TCA, and the notion of MCA in particular, will determine that educators understand what it means for managers to work on the boundaries between business and society, lifeworld and system, shareholders and stakeholders and strategic and communicative action. Managing responsibly and having the courage to call for communicative action against the tide of strategic rationality is a burdensome task in perhaps the vast majority of business organisations. Not only should educators understand their subject from this outside-in perspective, but they should also reflect on the ethical consequence of what they are teaching for the world of systemic and moral complexity in which the student as manager will have to operate. Over and above this, the business school should provide students with a safe space in which they may

share their ethical burdens and reclaim their sense of humanity and personhood. From this perspective, business schools – especially those claiming that they subscribe to ERS integration – should take care that they are not simply academic mirror images of business organisations.

In relation to the second implication, namely that of citizenship, the notion is that RMECA should guard against a narrow and functionalist view of the managerial task. Several Habermas scholars emphasise how important it is for universities to educate students as citizens in the first place (Englund, 2010; Fleming, 2010; Joldersma & Crick, 2010; Cooper, 2010, Fleming & Murphy, 2010). The same applies to business schools. From a RMECA perspective, the notion of the manager as citizen connects the managerial task to the well-being of society. It determines that business organisations will co-exist in collaboration with other societal stakeholders in the interest of sustainable development and responsible corporate behaviour. The manager who understands him- or herself as citizen is the one who should be better able to account for decisions and actions which may have negative environmental, societal and economic impact. Likewise such a manager may also view employees, customers, suppliers and communities as citizens in their own right and worthy of being treated accordingly.

The third implication for RMECA, namely to equip students with an intersubjective view on personhood and moral agency may perhaps be the most provocative of the three proposals under discussion here. The relationship between management education and the propensity for self-interest maximisation among management students and practising managers, as referred to in the beginning of this section, points in the direction of one or more implicit assumptions about personhood and success in a business context.

Painter-Morland (2015, p. 62) argues that in this regard “to get a better sense of what we are up against in promoting responsible management education, we must critically assess our assumptions about the central goal of education, the nature of wealth, and our own sense of self”. She continues

the argument by pointing to the close relationship that exists in the teaching of business schools between well-being and money in both organisational and personal terms; the alignment of the self-interest of the manager with the profit interest of the organisation; the so-called business case for ethics and CSR; the attempt in business research to prove the link between ethical and financial performance; and how the increase of money and power may be hailed as the hallmark of personal success and fulfilment. In a system where objectivism and metrics dominate, only that which can be calculated or measured counts as value. Contrary to the beliefs underlying this kind of reasoning, it actually undermines the kind of ERS integration that RME strives for, because it stays captured in the trap of organisational and personal self-interest expressed as competitive behaviour, not only in the marketplace, but also in the classrooms of management education. Without referring to Habermas, but in typical Habermasian terms, Painter-Morland (2015) then argues that “the most effective way to foster moral responsibility and accountability within a complex business environment, is to promote and sustain relationality” (pp. 69-70).

Business schools wishing to promote RMECA will therefore have to review some of their most fundamental assumptions about both business and personhood. This takes the argument back to Habermas (1984) saying that “only those persons count as responsible who, as members of a communication-community, can orient their actions to intersubjectively recognized validity claims” (p. 14). Anderson (2014) states about autonomy, agency and the self that Habermas understands these to be fundamentally intersubjective phenomena. He calls Habermas “a staunch defender of individual autonomy, authenticity and self-determination, but not on the basis of the standard liberal empiricist understanding of the self-sovereign self” (p. 92). Anderson ends his paper by saying that “engaging as co-participants in ethical-existential discourse requires recognizing one another as willing to take responsibility for how one lives one’s life” (p. 110). It may be appropriate to add “and for how one manages one’s business”.

For RMECA to succeed by means of integrating ERS across the boundaries of disciplines inside the business school and the boundaries between societal subsystems beyond the business school will demand from management education the building of students' capacity for moral agency through communicative and collaborative teaching and learning approaches and performance assessment systems. It may be that the ultimate success of the whole RMECA project hinges on a shift from instrumental self-centricity to intersubjective moral autonomy. This will be in line with the conceptualisation of MCA as proposed in this research project.

5.4 Conclusions

In this chapter it has been argued that Habermas's TCA is applicable to the ideals contained in RMECA, especially with reference to ERS integration in both the teaching and administrative practices of business schools. The conceptualisation of management as communicative action (MCA), as based on the central tenets of TCA and applied to managerial practice in a business context (chapter 3), has proved to provide an integrative framework for RMECA as well. This framework has been applied to the social purposefulness of business schools; the ERS integration in education and administration; the development of discourse ethics competencies of staff and students; and the formation of students as morally competent citizens.

Taken as a whole, this study is based on the hypothesis that a holistic and integrative concept of responsible management is still underdeveloped in the RME project. In pursuing this argument, the research engaged with two streams of discourses, namely that of sustainable development and corporate responsibility on one hand, and responsible management education on the other. The study then explored the philosophy of Jürgen Habermas in search of such a framework with three objectives in mind, namely 1) to demonstrate that the integration of the moral–ethical and strategic–operational dimensions of the managerial task is both essential and possible; 2) to offer a conceptual framework for responsible management based on Habermas's theory of communicative action; and

3) to explain the implications of this approach for responsible management education in theory and practice.

Based primarily on Habermas's *Theory of Communicative Action* (1984; 1987) and his work on *Moral Consciousness and Communicative Action* (1990) the ideal of responsible management was conceptualised in terms of 'management as communicative action' (MCA) for use in both managerial practice and management education. MCA was proposed as a framework containing four responsibilities, namely that of caring for the business–society relationship; developing a responsible organisation; leading normatively validated decision making; and caring for personal moral consciousness and competence. MCA was then theoretically applied to the managerial role in a business organisation and the educational context of management education.

In looking back on the trajectory of this study, the intention was not to provide solutions to all the challenges of the RME project. The study focused on the lack of clarity in RME of what responsible management means and the lack of a framework with which to integrate the moral–ethical and strategic–operational dimensions of the managerial task. In the end the study remained what it intended to be, namely the development of a conceptual framework by means of which these challenges could be meaningfully addressed. In retrospect, however, it can be argued 1) that Habermas proved to be a meaningful and underutilised companion in the RME project; 2) that his TCA has a high degree of relevance for RME, especially by virtue of its potential to provide it with a relevant and very necessary social theory; and 3) that the conceptualisation of MCA as an integrative metaphor for responsible management in business and education seems theoretically feasible.

There is more work that remains to be done. The following research themes are proposed for future attention:

- An essential task in terms of future research, and in the extension of this project, is the development of a teaching model in discourse ethics for RMECA to be used across the spectrum of management education disciplines.
- It may serve future research well to develop a more comprehensive understanding of the concept of ‘responsibility’ in the work of Habermas. It can, for example, be foreseen that the fourfold responsibilities implied by MCA, and the corresponding implications for RMECA, can be translated into an instrument by means of which the responsibility orientations of students and managers can be assessed and from which indicators for continued development can be derived.
- There was an occasional reference to the late Peter Drucker in the course of this study. Apart from Habermas and Drucker being contemporaries for quite some time, they both represent outstanding examples of interdisciplinary scholarship. The work of both are deeply embedded in society’s development patterns and future challenges. It may be especially valuable, therefore, to compare and focus their insights on the implications that artificial intelligence and the Fourth Industrial Revolution may have for RME and the managerial task in the future.

Murphy and Fleming (2010, p. 205) conclude that Habermas’s social theory informs an educational agenda that “gives priority to the learning required for being a citizen, an active member of civil society, and the competence that is most prized is that required for communicative action”. This is an ideal which responsible management education as communicative action also should aspire to. As an outcome of this approach the educated manager should ideally think of him- or herself as a responsible person and citizen capable of integrating the moral-ethical and strategic-operational dimensions of the managerial task. Where this happens, the quest that drives responsible management education can be fulfilled.

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