

Thomas Beschorner

Cultural Business Ethics: A Multilevel Approach

Abstract: While ‘culture’ is an omnipresent notion in management, economics, and business ethics, it is often used in the sense of “climate” (Denison 1996). In this contribution, we approach culture in a different manner while emphasizing a methodological *cultural perspective*. We will first outline a general cultural approach in a Weberian tradition that focuses on five crucial levels of analysis: elements of a theory of action, social relations, institutions, organizations, and system theories. Based on that, we will sketch selected considerations by identifying elements of organizational ethics, business and society relations, and societal systems perspectives. This will allow us to outline a broad spectrum of conceptual considerations by introducing concepts such as moral (bounded) rationality, multi-rational and poly-lingual organizations, the ethics of organizational fields, and systemic responsibility. Finally, we sketch some directions for further research, which not only concerns social-science approaches but also offers some suggestions for bridging our approach with normative business ethics.

JEL Klassifikationen: A13 – Relation of Economics to Social Values / A14 – Sociology of Economics / D23 – Organizational Behavior • Transaction Costs • Property Rights / M14 – Corporate Culture • Diversity • Social Responsibility / Z1 – Cultural Economics • Economic Sociology • Economic Anthropology / Z19 – Other (Business Ethics, Ethics and Economics)

Zusammenfassung: Obwohl der Begriff „Kultur“ in den Wirtschaftswissenschaften und ebenso in der Wirtschaftsethik allgegenwärtig ist, wird er häufig im Sinne von „Klima“ verwendet (Denison 1996). In diesem Beitrag nähern wir uns kulturellen Fragen auf eine andere Art, nämlich über eine kulturtheoretische Herangehensweise. Zum Zweck der Untersuchung werden wir zunächst einen allgemeinen kulturwissenschaftlichen Ansatz in der Tradition von Max Weber skizzieren, aus dem sich ein Mehrebenenmodell entwickeln lässt, bestehend aus: einer Handlungstheorie, sozialen Beziehungen, Institutionen, Organisationen und Systemtheorien. Darauf aufbauend werden wir Elemente einer Organisationsethik, der Beziehungen zwischen Wirtschaft und Gesellschaft sowie der gesellschaftlich-systemischen Perspektive herausarbeiten. Dies ermöglicht es uns, ein breites Spektrum an konzeptionellen Überlegungen anzustellen, u.a. zu den Themen: (begrenzter) moralischer Rationalität, multirationale und poly-linguale Organisationen, einer Ethik Organisationsfelder sowie Fragen systemische Verantwortung. Abschließend skizzieren wir einige Richtungen für die weitere Forschung, die nicht nur sozialwissenschaftliche Ansätze betreffen, sondern auch Vorschläge für einen Brückenschlag zwischen dem hier diskutierten Ansatz und Fragen einer normativen (Wirtschafts-)Ethik formulieren.

Thomas Beschorner, University of St.Gallen, E-Mail: thomas.beschorner@unisg.ch

1. Introduction

“Culture” is an omnipresent term in management and economics. Scholars speak of cultural differences in a globalized business world that need to be understood. They conduct cross-cultural studies to, for example, examine the role of expatriates, compare consumer behaviors in various countries, and investigate different styles of leadership. Culture is obviously important when it comes to deepening our understanding of how organizations function. For instance, consideration of culture is useful, if not necessary, for comparisons of different kinds of capitalism and their consequences for political, business, or consumer practices. The broad range of cultural issues that scholars in management and economics address through both empirical and theoretical studies illustrates an increasing awareness across these disciplines that “culture matters.” There also seems to be no doubt that the consideration of culture has enriched research in management studies and economics in various ways.

Culture as “Climate” and Culture from a Constructivist Perspective

If we take a closer look at cultural studies in management and economics, we find a broad range of definitions and understandings of culture that typically adopt one of two principal approaches. One approach understands culture as “climate” (Denison, 1996) or what Williamson (1975, 1985) characterizes as “atmosphere” (of transactions). In this approach, culture is included as a variable in the analysis (Ajiferuke & Boddewyn, 1970) to contribute to a better understanding of the concrete research question. This perspective assumes that businesses and economics *have* culture and, thus, culture needs to be analyzed and its consequences need to be investigated in order to better understand firms so that, for example, business performance can be improved (Barney 1986; Schneider, Ehrhart, & Macey, 2013). An eminent author in this stream of research is Geert Hofstede, who has heavily influenced various fields in management studies (while rarely being quoted in the fields of anthropology and sociology), as Baskerville (2003: 4) shows. The title of Hofstede’s (1980) most important publication, *Culture’s Consequences*, sums up the main idea of culture as “climate”—that is, the suggestion that culture has consequences for other dimensions of social life.

The other stream of literature approaches culture in a different, perhaps more radical manner, while emphasizing a “cultural perspective” on issues in management and economics. This understanding of culture can be situated on a methodological level and is associated with scholars as Clifford Geertz, Max Weber, Georg Simmel, and Ernst Cassirer. All of these authors understand “man [...] [as] an animal suspended in webs of significance he himself has spun” (Geertz, 1973: 5), where culture is regarded as one of those webs. This understanding also has methodological consequences, as Geertz (1973: 5) notes: “the analysis of it [is] to be therefore not an experimental science in search of law but an interpretive one in search of meaning.” It aims at “thick descriptions” (Geertz,

1973: 6). Geertz and other scholars adopting this cultural-constructivist perspective view culture as an inherent part of all actions and interactions, and as existing in every organizational and human societal context. As such, culture is a pervasive element that influences all aspects of human life, including economic activities. Hence, it is not seen primarily as a variable that may be relevant to the matter at hand but as an inherent part of the social world or, as DiMaggio (1997: 274) stated, “culture inheres not in the information, nor in the schemata, nor in the symbolic universe, but in the interaction among them.” Consequently, in contrast to the above-mentioned approaches, one could propose that businesses and economies do not merely “have” culture—they *are* culture.

As the authors cited above are not management scholars, it is worth mentioning that a cultural-constructivist perspective is not new in management studies. Meyerson (1991: 256), drew from this stream of research more than 35 years ago when he stated that “culture was the code word for the subjective side of organizational life [...] its study represented an ontological rebellion against the dominant functionalist or ‘scientific’ paradigm.” Management scholars such as Weick (1976); Dandridge, Mitroff, and Joyce (1980); Schein (1985); Meyerson and Martin (1987); and Denison (1996) have grounded their insights in a more methodological approach to culture.

While there are ontological, methodological, and empirical differences between the two above-mentioned streams of literature, we note that the difference is not “substantive [...] in the phenomena under investigation, but rather it is a difference in the perspective *taken* on the phenomenon” (Denison, 1996: 621).

The Main Concept and Intentions of this Contribution

In this article, we demonstrate that taking a cultural-constructivist perspective allows us to develop a theoretical heuristic within the field of business ethics. We do so while proposing a general and, thus, relatively abstract framework as a multilevel approach that links various analytical levels relevant for business ethics, including elements of a theory of action, interaction, institution, organization, and societal spheres.

This article can be located within the second stream of cultural studies—the social-constructivist tradition that defines the term “culture” by following the comprehensive view offered by Kroeber and Kluckhohn (1952: 181):

[C]ulture consists of patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiment in artifacts; the essential core of culture consists of traditional (i.e., historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other, as conditional elements of future action.

In line with this definition but from a more analytical standpoint, Reckwitz (2000: 74-75) distinguishes among three distinct layers of culture: (1) social practices, habits, or customs as concrete (empirically observable) ways of life; (2) normative ideas and

premises that implicitly or explicitly support the actions of actors and/or make other forms of action less likely; and (3) “artificial” products resulting from both concrete actions and normative ideas, such as law or other kinds of institutions.

This article proceeds as follows. In Section (2), we outline a general cultural perspective in the Weberian tradition that boils down to five crucial levels of analysis, which are discussed in Section 3: elements of a theory of action, social relations, institutions, organizations, and system theories. In Section 4, we sketch out some selected perspectives relevant to business ethics by outlining elements of organizational ethics, business and societal relations, and societal-systems perspectives. Finally, in Section 5, we highlight several directions for future research, which not only entail social-science approaches but also include some suggestions for bridging our approach and that of normative business ethics.

2. Cultural Theory: a Weberian Perspective

Max Weber, one of the founding fathers of sociology, developed his ideas in the context of certain debates in economics in the late nineteenth and early twentieth centuries. Weber suggests a third way of conceptualizing economic (and the “social” as sociology in general) that avoided the shortcomings of not only the Austrian School of economics (i.e., Menger and others) but also the Historical School (especially Schmoller) (for an overview of this debate, see, e.g., Maclachlan, 2016).

Weber’s standpoint on the *Methodenstreit* between these two schools of thought can be summarized as follows. He agrees with Schmoller, who criticized the Austrian School for its purely deductive approach that focused solely on individualistic economic rationality while neglecting the relevance of historical and cultural circumstances. At the same time, Weber follows the marginalist approach in at least two ways. First, he grounds his theory on the micro-foundation of actions. Second, in conjunction with this epistemic basis, he suggests a social theory as a multileveled approach that allows us to link different levels of analysis, especially individual actions, social interactions, and institutional settings.

Interpretation

For every cultural theory, an interpretative or social-constructivist approach is crucial. Consequently, cultural theories mark a fundamental difference in the perspectives of social actors and those of scholars who observe such actors. As Alfred Schütz (1960/1972: 6; our translation) writes, we should not merely ask “What is the meaning of the social world to the social scientist?” but also “What does it mean to those who actually act in this world?” Following Weber’s terminology, we call this a subjective-interpretative approach.

Weber wanted to overcome the dichotomy between the interpretation of actions in the humanities and the explanation of social phenomena in the sciences by establishing sociology as “a science concerning itself with the interpretative understanding of social action and thereby with a causal explanation of its course and consequences” (Weber, 1968: 4; original: Weber 1921/1980: 1). Hence, his definition includes understanding action through the processes of interpretation and explanation, especially with regard to social interaction and institutions in specific social contexts. The interpretative idea is simple: individuals give meaning to their actions by relating their inner world to their outer one (i.e., action and the situational context). They thereby make sense of their lives. Unlike the economic approach, which rests on the underlying assumption of economic rationality that views “objective facts” as the only decisive factors in any given “logical” situation, a cultural approach acknowledges the sense-making process of the actors themselves. Systematically speaking, the sense-making process is the definition of a situation (i.e., cognitive framing) and it takes priority over the supposedly objective logic of a situation. Importantly, this perspective means that the difference between interpretation and explanation does not simply vanish. Instead, the subjective interpretation suggested by Weber (and, later, by other scholars) aims at generating “thick descriptions” (Geertz) based on the meaning generated by the subjects we observe in order to develop a “causal explanation of its course and consequences” (Weber, 1968: 4).

Actions and Social Relations

The interpretative approach illustrates the fact that social reality is constructed via frames, cognitive maps, routines, and subjective theories (Berger & Luckmann, 1966). Experiences, observations of others, socialization processes, world views, and ideologies all contribute to the stock of knowledge held by both individual and collective actors (e.g., firms). In most cases, this stock of knowledge is implicit in the sense that actors do not necessarily reflect upon it. Indeed, routine actions or, to use Weber’s term, “traditional actions” are usually sufficient for mastering everyday situations.

More recent concepts identify the relevance of routines for theories of action because routines allow actors to deal with the complexities of social life. Complexity, scholars argue, likely leads to the use of imperfect decision heuristics, as individuals have limited computational and cognitive powers. Lindenberg (1998) calls this “strong bounded rationality” versus “weak bounded rationality,” where the former stresses the limited cognitive abilities of actors, while the latter (e.g., Williamson, 1975, 1985) merely refers to a situation of incomplete information. The idea of “strong bounded rationality” has been stressed in similar ways by authors such as Douglas C. North (1990; Denzau & North, 1994; “mental models”), Kahneman and Tversky (1984; “system 1,” “thinking fast”; Kahneman 2003), and Herbert Simon, who states that “[i]f [...] we accept the proposition that both the knowledge and the computational power of the decision maker are severely limited, then we must distinguish between the real world and the actor’s

perception of it and reasoning about it” (1986: 211; similar to Schütz, see above). The use of heuristics builds a direct bridge to the interpretative paradigm suggested by Weber and others because the individual perception mechanisms shaping the individual’s internal representation of reality are no longer objectively given.

However, individuals can and do reflect upon the reasons for and subjective meanings of their actions, as their practical awareness allows them to consider past, current, and future events when they make decisions, and as they are able to communicate these facts to other actors (Giddens, 1976/1993: 94). Thus, actions are always social actions. Individuals interact with each other in various ways: they exchange goods and services; they trust or distrust each other; they give others reasons for their actions; and they love or hate each other. Regardless of the type of interactions, they are *reciprocal* by nature.

In line with Immanuel Kant’s line of argumentation, Weber distinguishes between two ideal types of reflexive motives: “instrumental rationality” (*Zweckrationalität*) and “value rationality” (*Wertrationalität*). The difference between these types of action is that “value rationality” is not motivated by the idea of achieving a specific end—“it is represented as good in itself, hence as necessary, as the principle of the will, in a will that in itself accords with reason” (Kant, 1785/2002: 31; original: Kant, 1785/1956: 43). Thus, “instrumental rationality” describes calculated actions, while “value rationality” emphasizes the intrinsic (and reasonable) value of an action. In Weber’s own words, value rationality is “determined by a conscious belief in the value for its own sake of some ethical, aesthetic, religious, or other form of behavior, independently of its prospect of success” (Weber, 1968: 24-25). Notably, Weber was strongly influenced by Neo-Kantian philosophy (especially by Heinrich Rickert) and most Weberian scholars view his outlook as Neo-Kantian. Consequently, Weber’s understanding of “value rationality” is not the one found in normative ethics but needs to be understood as (an empirical) ideal type rather than a normative ideal. Weber was an economist and sociologist, who was interested in a social (rather than a normative) theory.

As we show later in this article, the distinction between “instrumental rationality” and “value rationality” is important because the empirical concept of value rationality allows us to introduce “moral dispositions” as an integral part of people’s stock of knowledge that is fed by experiences and learning processes. In other words, we assume that individuals can (in principle) act morally—they are not limited by the idea of utility maximization.

Institutions

Weber’s social theory not only includes a theory of action but also shows his interest in institutions. The specific functions of institutions are to structure individuals’ actions, reduce uncertainties and contingencies, qualify expected behavior, and sanction unwanted behavior (North, 1990). Therefore, institutions simultaneously limit possible actions and enable them by transforming contingency into necessity. Giddens (1986)

calls this the “duality of structure.” Institutions, Weber argues, can be either intended or unintended. Intended institutions are “made” and intentionally put into practice. Unintended institutions are usually created through emergent processes in which individual actions lead to a certain order, which has both intended and unintended effects on individuals. Moreover, institutions can be categorized as formal or informal. Formal institutions are clearly defined (e.g., in written form) and the consequences of not acting in accordance with them are predetermined (the classical example is law). Informal institutions are the opposite, and they are less institutionalized and more volatile than formal institutions.

Action and institutions—whether intended or unintended, and formal or informal—are closely related. We can say, “both individuals and institutions are mutually constitutive of each other. Institutions mold, and are molded by human action” (Hodgson, 1998: 181).

Analogous to his distinction among traditional actions, instrumental rationality, and value rationality, Weber distinguishes among three types of institutions (Weber, 1968: 29-; original: Weber, 1921/1980: 12-16): orders or institutions guided by societal customs and conventions, orders “determined by self-interest” (interdependent interests or markets; Weber, 1968: 29), and “legitimate orders” with “a belief in [their] legitimacy” (Weber, 1968: 31).

Ever since Adam Smith, the market principle had been understood as resting upon the coordination of individuals’ instrumental self-interests. However, “economic institutions” are not only relevant in markets but also matter within organizations, where they operate as incentive systems. Economic institutions feature in Weber’s work. At the same time, Weber introduces “normative institutions” as a type of institution *sui generis* that focuses on questions of legitimacy and that is not derived from other institutions (e.g., economic institutions). This is important for the debate in business ethics, as we discuss below.

Whether we focus on institutions in organizations or in larger societal contexts, social life is characterized by the presence of distinct institutional settings, including customs and conventions, economic institutions, and normative institutions. It is a truism in organizational theory that companies are not simple mechanical systems in which economic arguments constitute the only valid logic. Instead, they are complex social systems permeated by countless, often conflicting routines, orientations, and institutions. The same holds true for the characterization of societal contexts. New sociological institutionalism, which emerged in the late 1970s to early 1980s (see the contributions in Powell & DiMaggio, 1991), has stressed this idea for several decades. With respect to this research stream, three ideas are of particular importance for business ethics and in the context of this article.

First, like Weber, academics adopting neo-institutional sociological theory (Oliver, 1991, 1996; Suchman, 1995) distinguish among various types of institutions that are characterized by different forms of legitimacy. Suchman (1995), for example, suggests distinguishing among cognitive, pragmatic, and moral legitimacy, which reflects We-

ber's typology of institutions and is widely discussed in business ethics (e.g., Scherer & Palazzo, 2011). This stream of research generally argues that organizations are open systems (see below) and that an organization's functioning depends on or is, at least, influenced by its (institutional) environment. This leads to different strategic options for managing legitimacy (Oliver, 1991; Scherer & Palazzo, 2011).

Second, these general ideas are closely related to a stream of research in institutional theory focused on understanding institutional logics (as a plural; see Lounsbury & Boxenbaum, 2013, for an overview). This research suggests that organizations embody multiple rationalities represented by "practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality" (Thornton & Ocasio, 1999: 804).

Third, and also closely linked to the aforementioned body of literature, institutionalists stress the process perspective of "institutional work" (see Lawrence, Leca, & Zilber, 2013, for an overview). This notion expresses sets of rules, norms (standards), and legitimizing values that are diffused, discussed, implemented, or contested, or as Lawrence and Suddaby state, "the purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions" (2006: 215). Hence, the research focus moves from merely explaining the functions (or consequences) of institutions toward understanding the processes of institutionalization and de-institutionalization. Of great importance with respect to these processes is the conceptualization of institutions that are institutionalized to different degrees. For example, Tolbert and Zucker (1996) suggest different phases and degrees of (de-)institutionalization, which they describe using the terms "habitualization," "objectivation," and "sedimentation." While habitualization characterizes relatively untested and weak institutions, objectified institutions are shared and accepted by more actors. Sedimentation—the strongest form of institutionalization—describes taken-for-granted institutions that are no longer questioned and are perceived as "realities."

In discussions on business ethics, it is important to keep the following notion in mind: institutional logics and institutionalization processes are relevant for intraorganizational and interorganizational issues, and different degrees of institutionalization concern all types of institutions (e.g., customs and conventions, economic, and normative institutions).

Organizations

As we have extensively discussed the Weberian perspective above, it is important to note that we are not following Weber's essay on "Bureaucracy" (Weber, 1968: 956-; original: 1921/1980: 548-) or other "closed" and "technocratic versions" (Scott, 2004: 10) of organizations. As Scott's (2004) "Reflections on a Half-Century of Organizational Sociology" demonstrates, modern approaches are characterized by open-systems perspectives in which organizations, "although [they] continue to be viewed as discrete units, [...] are

thought to possess attributes that vary in response to changing circumstances, whether technical, political, transactional, or institutional” (Scott, 2004: 13). Several scholars, including Scott (2004), Suchman (1995), and Oliver (1991, 1996), have stressed this open concept of organizations embedded (Granovetter, 1985/1992) in larger contexts. This is clearly in line with a cultural perspective.

In relation to conceptualizing the embeddedness of an organization in its environment, scholars in the field of neo-institutional sociology have suggested the concept of “organizational fields” (Powell & DiMaggio, 1991). This concept allows us to investigate the reciprocal relations between organizations in a network-like figuration with regard to specific social practices and institutionalization processes (Fligstein, 1991: 313; Scott & Meyer, 1983/1991: 110, 137; Walgenbach, 2000: 38). Depending on the specific research questions and research objects, actors in organizational fields may be any kind of organization, such as firms, consumer organizations, research organizations, political organizations, and non-governmental organizations (NGOs) (DiMaggio & Powell, 1983/1991: 64; Hasse & Krücken, 1999: 16; Scott & Meyer, 1983/1991: 108; Walgenbach, 2000: 37). As such, the definition of specific organizational fields forms the basis for cultural analyses, such as examinations of the interactions between different types of organizations and the functions of institutions in the respective fields (Beckert, 2011: 12-). Different processes of institutionalization (e.g., due to coercive, mimetic, or normative processes that tend to lead to isomorphism; DiMaggio and Powell, 1983/1991) and de-institutionalization are of particular importance in this context, as are “institutional entrepreneurs” and processes of coupling and decoupling organizational practices.

The organizational fields approach complements stakeholder theory (Freeman, 1984; Freeman & McVea, 2001), which has been criticized for focusing merely on bilateral relations and not going far enough in terms of understanding the dynamics in more complex social figurations (Jonker & Foster, 2002: 190-; Provan & Kenis, 2008; Roberts & Mahoney, 2004: 399-; Roloff, 2008; Rowley, 1997; Schrempf, 2014). Jonker and Foster, for example, point out that, a “focus of investigation is the nature of the relationships established between the focal organization and stakeholders” (2002: 190). Freeman (1984) presents a hub-and-spoke conceptualization of these relationships. Many scholars are critical of this dyadic conceptualization, and suggest that it is overly simplistic and ignores the complexities of the interactions between stakeholders.

Weber’s Concept

Figure 1 summarizes Weber’s systematic approach to a cultural theory. First, it shows the simple relationships among actions, social relations (or interactions), and orders (or institutions) that Weber outlines in paragraphs two to five in his text “Basic Sociological Terms” (Weber, 1968: 3–62). Actions (§ 2) and institutions (§ 4 and § 5) are recursively connected. Institutions guide our actions, while actions stabilize or destabilize institutions. Institutions can be institutionalized as well as deinstitutionalized and replaced by

other institutions. Social relations or interactions between individuals (§ 3) are important in linking actions and institutions.

Second, the figure shows instrumental rationality and value rationality as two distinct forms of action, neither of which results from the other but both of which are unique. Weber argues that we mainly act according to routines (traditional action). This automatic modus is often sufficient for managing actions. If that is not the case (e.g., in new and unfamiliar situations), actors activate reflexive modes of consideration. Instrumental rationality and value rationality represent the most important types of reflexivity. We should add that Weber mentions a fourth type of action, which he calls “affective actions” (Weber, 1968: 25). These actions are anchored in the emotional state of a person and are described by Weber as irrational. We do not elaborate on this type of action but briefly discuss its relevance for recent social-science and management studies in the final section of this article, which outlines several avenues for future research.

Third, the figure presents the correspondence between certain types of actions and certain types of institutions. “Traditional action” refers to societal customs and conventions; “instrumental rationality” corresponds to orders with interdependent interests (typically markets); and “value rationality” is connected to legitimized orders in societies. Again, and similar to actions, these ideal types are not derived from each other. Instead, each of them is unique.

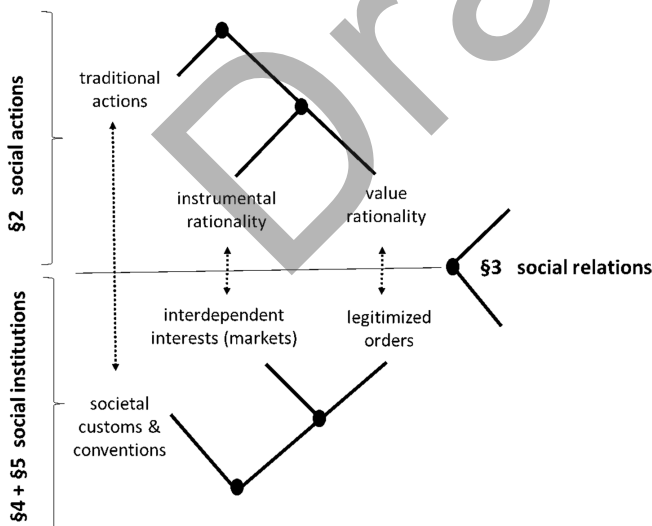


Figure 1: Actions and Institutions—A Weberian Framework (based on Schluchter, 1998: 355; our translation)

Ideal types

The different types of actions and institutions illustrated in Figure 1 should be understood as (methodological) ideal types rather than normative ideals. Although we use some normative-sounding terms (e.g., “value rationality,” “legitimacy,” “normative institutions”), we are merely referring to an empirical category in the sense that certain norms (or action) are perceived as legitimate institutions or value-rational practices in certain social contexts at certain times. It may well be that these actions or institutions can or should be challenged from a moral point of view. However, we are not adopting that perspective in this article. In addition, our discussion of, for instance, “value rationality” or “normative institutions” does not imply that other types of action or other institutions are value free or lack normative grounds.

Ideal types serve a methodological function, as they allow us to perceive a wide spectrum of potential actions and institutions, thereby offering a sense of orientation that goes beyond the single-minded perspective (e.g., limiting actions to utility maximization or limiting institutional orders to the idea of markets or incentives). However, both *homo economicus* (as represented by instrumental rationality) and the institution of markets are integrated into this extended model.

Ideal types can rarely be found in pure form in reality. Instead, we find different combinations of actions and institutions that represent “real types.” In certain contexts, value-oriented actions may be more relevant than instrumental actions and traditional institutions may be more relevant than market solutions, or vice versa. Ultimately, these are empirical rather than theoretical questions, which means they must be answered in qualitative or quantitative terms with respect to their respective historical contexts.

Spheres of Values

In addition to a theory of actions, interactions (social relations), institutions, and organizations, a culture consists of a societal perspective. Here, we again lean on Weberian sociology and on Niklas Luhmann’s (1997) *System Theory*. Let us briefly sketch the general idea.

Weber developed a concept that he called “spheres of value” (*Wertsphären*). One defining characteristic of modern society is its separate functional subsystems, each of which adheres to a specific, immanent logic. Weber developed this fundamental insight by identifying specific “spheres of value” in modern societies, such as religion, the economy, politics, academia, law, and art (Weber, 1905/1978).

In Luhmann’s (1997) *System Theory*, these societal subsystems are understood as orders guaranteeing that communication can function properly within the boundaries of the respective system. Luhmann identifies key elements in the form of “binary codes” that govern each societal subsystem. For instance, economic communication follows the

code “to pay/not to pay,” while communication within academia centers around the code “true/untrue.” Luhmann argues that each of these societal subsystems is self-referential and semantically closed, which the author expresses using the term “autopoiesis.” This means that, for instance, the economic system only works according to economic codes. One could argue that actors within a subsystem can only understand that subsystem’s language. For instance, economic actors, such as companies, may only understand economic codes. Similarly, actors in spheres such as politics, religion, or academia would act with respect to the relevant language in the respective subsystem and only with respect to that language. This perspective results in views such as “companies need to maximize their profits because the market forces them to do so.” However, are such views accurate?

We have demonstrated elsewhere (Beschorner 2013) that even if we remain within Luhmann’s (strict) framework, we cannot make this conclusion. Luhmann (1988) himself makes it clear that organizations have the ability to address and interact with several reference systems at the same time. The environment of every organization is poly-contextual and organizations need to deal with very different demands. Luhmann introduces the term “programming” to describe this phenomenon. In this perspective, organizations balance their activities between the different requirements of various social systems. Firms, for example, need to be successful economic actors and, thus, act in line with the coding in the economic system, but they also have to fulfill the requirements of other societal systems. More specifically, they must comply with the law, apply technical standards, interact with the media system, comply with moral norms, and interact with civil society.

Notably, modern interpreters of system theory, such as Schimank and Volkmann (1999: 12), do not merely regard the consideration of poly-contextualization as a necessary condition for the viability of organizations. They also state that organizations fulfill important functions for the overall society, as they contribute to societal-system integration. If we follow Luhmann’s (1997) system theory (and, similarly, Weber’s concept of spheres of value), we cannot only assume that firms (and organizations in general) are multi-rational. We must also assume they are poly-lingual actors.

In the business-ethics literature, Wieland (2001: 79-) stresses this perspective by describing organizations as poly-lingual, multi-referential systems that are characterized by a set of distinct language games. He also indicates that this multi-referentiality is a constitutive element of meso-systems.

One crucial difference between Luhmann’s (1997) system theory and Weber’s concept of “spheres of value” related to their societal perspectives and the closedness/openness of these systems and spheres is worthy of mention. Luhmann (1997) considers societal systems autopoietically. In other words, he assumes they are self-referential and semantically closed. A Weberian perspective shares the idea that there are immanent logics within societal spheres. However, Weber adopts a milder view on the closedness of a societal sphere and identifies a certain openness toward other systems. He argues that while societal subsystems may have a certain self-referential and, thus, unifying

quality, we should focus on the many conflicts and inherent tensions created by the empirical fact that societal spheres of value interact with one another. Consider, for instance, conflicts and tensions between the economy and politics; politics and religion; science and the economy; religion and science; art and the economy; and civil society, law, and the economy. Thus, a theory of spheres of value might be a useful heuristic for better capturing and understanding such conflicts

We return to the societal perspective and its relevance for business ethics later in this article.

3. Levels of Analysis

If we narrow down the theoretical elements of a cultural approach discussed above, five layers or analytical levels become relevant: (1) action, (2) social relations, (3) institutions, (4) organizations, and (5) the societal spheres of values. We briefly characterize these elements in the following.

Action: From a cultural perspective, individuals have a repertoire of actions, which is grounded in experiences and culturally transmitted (e.g., through certain institutions). An ideal-typical perspective can distinguish between actions as routines (i.e., traditional action), instrumental rationality (i.e., utility maximization), and value rationality.

Social relations: Individuals interact with each other in various ways. Exchange is one specific example from a wide range of reciprocal social interactions.

Institutions are complexity-reducing practices through which individuals reassure one another of their (shared) expectations. In a cultural ideal-typical perspective, institutions as economic-incentive mechanisms are as relevant as institutions as customs, conventions, and legitimized norms. Institutions are important within organizations and in the larger society (e.g., in organizational fields).

Organizations: From a cultural perspective, organizations are conceptualized as multi-rational actors with poly-lingual capabilities. We find different institutional logics at work within institutions. For example, firms speak various languages and do not merely follow the logic of profit maximization.

Spheres of values: Modern societies are socially differentiated societies that consist of different subsystems or spheres of value with certain “logics.” A cultural perspective acknowledges system logics but also takes tensions between societal spheres of values into account.

These five theoretical elements cover much of social life, especially economic life. The list is not exhaustive, and there might be other perspectives that contribute to a (cultural) understanding of businesses and the economy. As we show later, the different analytical levels should not be regarded as separate elements but as interconnected. Moreover, the interplay between these layers, which range from the micro perspective of individual actions to the meso perspective of institutions and organizations to the

macro perspective of societal spheres, goes in both directions—from the bottom up (micro-meso-macro) and from the top down (macro-meso-micro).

As mentioned above, the proposed cultural perspective does not replace economic ideas but extends them toward a more comprehensive model, which we regard as a strength of the suggested approach. Utility maximization as the crucial mode of action in the decision-making theories of economics are included within a more general theory of actions. The same is true for exchange as a specific form of reciprocal interaction, for incentives on the institutional level, and for profit-seeking on the firm or organizational levels.

With regard to these five theoretical elements, one might ask “What is new here? Are there not already well-established theoretical concepts on every one of these levels?” We would agree with this position. In fact, a long list of even more recent bodies of literature (some cited above) tackles similar questions on every level using, to some extent, similar approaches. As we ground our cultural perspective in Weber and as Weber’s work has been highly influential, this should not be surprising.

Similar approaches can be found throughout the tradition of interpretative sociology. Schütz’s (1960/1972) work serves as an example, as does Berger and Luckmann’s (1966) important book, *The Social Construction of Reality*, which later influenced new sociological institutionalism (DiMaggio & Powell, 1983/1991; Fligstein, 1991; Meyer & Rowan, 1977/1991; Scott, 1987, 1995; Zucker, 1977). A large part of sociological organizational studies offers another example (e.g., Weick, 1976, 1987; see Scott, 2004, for an overview). Anthony Giddens’ (1986) *Theory of Structuration* bears similarities to Weber’s work. Both stress what Giddens calls the “duality of structure”—the interplay between individual actions and structures (or institutions), which authors such as Tolbert and Zucker (1996) have confined while distinguishing among different degrees of institutionalization. With respect to theories of action, Weber’s instrumental rationality reflects what microeconomics has in mind with the methodological concept of *homo economicus* (Stigler & Becker, 1977). More interestingly, Weber’s interpretative approach and his concept of “traditional action” are discussed frequently in modern economics. For example, *Evolutionary Economics* (Hodgson, 1993, 1998; Langlois & Foss, 1999; Nelson & Winter, 1982) stresses the relevance of routines. Concepts like “framing” and “anchoring” are of crucial relevance in game theory. Kahneman’s (2011) concept of “thinking fast and slow” (Prospect Theory; Kahneman & Tversky, 2000) is basically an extension of Weber’s concept of routines versus reflective action. These are just a few examples—the list could easily be longer.

While every approach mentioned above contributes significantly to our understanding of the social world and might even be more sophisticated than the Weberian considerations presented here, they nevertheless tend to relate to one (or, in some cases, two) of the analytical levels discussed above. The cultural framework presented in this article has the potential to offer a more comprehensive view by connecting the different levels. Indeed, this seems to be the strength of cultural business ethics relative to other approaches. If this is the case, the variety of related theories on the respective levels of

analysis could be very fruitful for a cultural perspective in business ethics. In other words, the “What is new?” question could be seen as an advantage for a cultural approach.

4. CULTURAL BUSINESS ETHICS: A CONCEPTUAL FRAMEWORK

We now want to narrow our discussion down to more concrete issues in business ethics. The general cultural framework allows us to demonstrate, elaborate on, and connect the different theoretical elements of this academic debate. Given the complexity and high degree of heterogeneity of approaches, theories, and debates in the business-ethics field, we must be rather general in our analysis. Moreover, it is impossible to cover every potential aspect or dimension of the ongoing debate. As we indicate above, our intention is not (and cannot be) to discuss every detail of certain debates but rather to contribute to our understanding of the connections among different elements in the discipline of business ethics.

Figure 2 illustrates the main idea of a cultural business-ethics approach. We distinguish among the micro level of individual action, the meso level of organizations, and the macro level of social spheres of systems. At the center is the organizational meso level, which can be divided into intraorganizational and interorganizational dimensions. In the following, we discuss these two dimensions, especially with regards to their relations and connections to the micro and macro levels. Given the limited space in this article, we only briefly characterize the theoretical setting based on the previous sections before we outline selected insights that result from adopting a cultural perspective in business ethics.

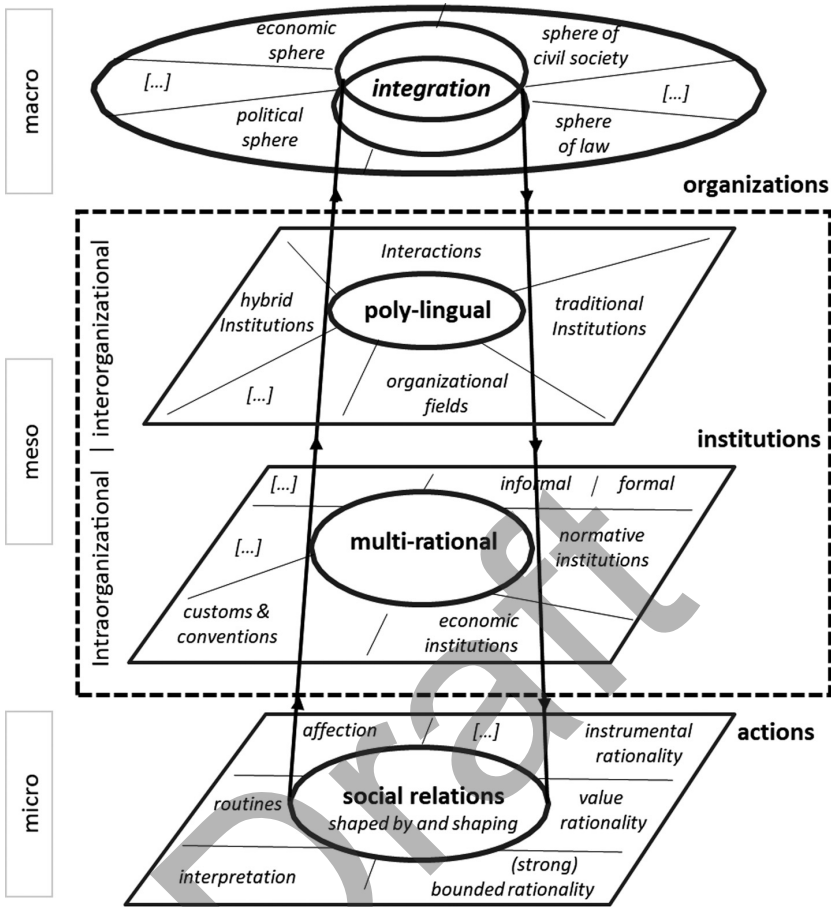


Figure 2: Cultural Business Ethics

Ethics of Organizations: Action, Institutions “At Work,” and Multi-Rationality

The micro level approaches individual action in an interpretative way. It assumes a certain repertoire of actions (i.e., different types of action) and the strong bounded rationality of actions due to limited cognitive capabilities. Individual actions shape and are shaped by social relations regardless of the type of action applied by the actor. Therefore, actions are always social actions. Within organizations (*intraorganizational*), people interact with each other in various ways and are not merely guided by incentives (economic institutions). Social relations and social actions are influenced by formal or informal institutions, which ideal-typically exist as conventions and customs, economic institutions (e.g., incentive mechanism), and normative institutions. These institutions

correspond to the respective types of action (i.e., routines, instrumental rationality, value rationality). They represent certain “institutional logics” that are partly in conflict and are engaged in processes of (de-)institutionalization. In other words, institutions are “at work.”

Institutional Micro Foundation

The micro foundation of a given institution is essential. Every type of institution has an underlying rationality that must be conceptualized and linked with actions. Institutional theories that fail to take this requirement into account are lacking (Tolbert & Zucker, 1996). A cultural perspective offers a consistent approach to linking institutions and actions. To theorize about and understand institutional dynamics, we must conceptualize different types of institutions with different rationales. The limitations of neoclassical economics and New Institutional Economics, which are often criticized for having overly narrow perspectives, are a result of their theoretical design. That design can be described as the conjunction of utility maximization, exchange, and incentives or markets. A cultural perspective includes these elements but is not limited to them. For the debate in business ethics, value rationality and normative institutions are particularly relevant.

The Process of (De-)Institutionalization

The main function of institutions is to reduce complexity and stabilize social relations. They have an ordering function in the social life. However, if we assume some interplay among different institutional logics that are partly conflicting, then it becomes evident that institutions are “at work.” Consequently, the (research) focus moves from merely understanding the function of institutions toward taking processes of institutionalization and de-institutionalization into account. Above, we briefly described approaches for understanding these processes by referring to different degrees of institutionalization. Given a systematic tension between economic and normative institutions within companies and in society, an important question in the context of business ethics is the extent to which normative logics can be institutionalized and through which mechanism. The other side to this coin is the extent to which economic institutions can be de-institutionalized and how. These questions are relevant for both intraorganizational and interorganizational institutions.

Multi-Rationality

If individuals possess a broader spectrum of action than instrumental rationality alone and if different institutional logics can be observed within organizations, then it is safe to assume that organizations are (to a certain degree) multi-rational actors that are able to operate using several different institutional logics simultaneously. Consequently, cultural business ethics would empirically scrutinize approaches that implicitly or explicitly operate with only one type of rationality (e.g., instrumental rationality, profit maximization). For example, cultural business ethics would criticize corporate social responsibility (CSR) concepts that are merely grounded on “the business case of CSR” and seek win-win situations. Porter and Kramer’s (2011) idea of creating shared value is another example that we have characterized elsewhere as a “one-trick pony approach” (Beschorner, 2014) due to its overly narrow economic perspective.

Business in Society: Fields, Poly-Linguality, and Responsibility

Moving from the intraorganizational to the interorganizational meso level, it seems plausible that organizations, such as firms, are embedded or nested in multiple institutional contexts represented by the term “traditional institutions” (e.g., customs, conventions, markets, normative institutions). Interorganizational dimensions are characterized by interactions between various types of organizations, such as economic organizations, civil organizations, and political and juridical organizations.

The Ethics of Organizational Fields

We have briefly introduced organizational fields as an “open-system perspective” in organizational studies, which stresses the embeddedness of organizations and the interactions between various types. Three important consequences result from a shift in perspective from the rather firm-centered approach of stakeholder theory to the rather society-centered approach of organizational fields in business ethics. First, it allows us to understand social dynamics beyond dyadic relationships. Second, the methodological point of view has normative implications in the sense that societal issues serve as the starting point of the investigation (Garriga & Melé, 2004: 58; Roloff, 2008; Schrempf, 2014). Third, organizational fields might be a promising approach for conceptualizing questions of systems responsibility, as we outline below.

Poly-Linguality in Organizational Fields

The different contexts in which organizations act—conceptualized as organizational fields—require those organizations to undertake different tasks or functions, such as complying with the law and moral standards, legitimizing (economic) activities, and ensuring economic success. Such multi-rational actors are, in principle and to certain degrees, capable of fulfilling these demands. Organizations that act in organizational fields and communicate with different types of organizations in different institutional contexts are normally at least somewhat poly-lingual. Poly-linguality is important for both the survival of the organization and the organization's contribution to overall societal integration (see below).

Multi-Rationality and Poly-Linguality

We differentiate between multi-rationality in organizations and poly-linguality, which characterizes communicative interorganizational engagements within organizational fields, for several reasons. First, we assume that the greater the degree of multi-rationality in an organization, the greater the likelihood that businesses can engage in questions of societal governance as poly-lingual actors. In other words, multi-rationality is a pre-condition for poly-linguality. Second, a high degree of multi-rationality does not guarantee the societal engagements of firms. In fact, organizations may build facades to buffer their organizational environments from legitimacy demands. This phenomenon is commonly known as “green or blue washing” and is discussed in institutional theory using the notion of “decoupling” (Meyer & Rowan, 1977/1991). The differentiation between multi-rationality and poly-linguality is important for addressing this phenomenon.

Hybrid Institutions

In addition to traditional institutions, we observe an increasing number of new institutions that seem to be important in business ethics. CSR initiatives, such as the UN Global Compact, the ISO 26000, and the Ruggie framework on human rights, as well as CSR standards, such as SA8000, FSC, and MSC are new not only in terms of the length of their existence but also with respect to their functioning. We call them “hybrid institutions,” as they address issues and provide frameworks for business practices that have not traditionally been part of the economic system's logic but instead include logics from the sphere of civil society. From a cultural perspective, these hybrids are especially interesting in terms of how they emerge, and in their function for both companies and society (see below).

Businesses and Politics, and Political Businesses

Traditionally, multilevel approaches differentiate between the macro and the meso levels in a way that distinguishes the “rules of the game” from the “moves of the players.” The former is understood as the political order provided by the politics and laws of a given nation state or supranational entity. The latter refers to the economic activities of, for example, firms that should act in accordance with those rules. This general idea is rooted in the tradition of Ordoliberalism, which led to the concept of the social market economy, especially in Europe. Despite the increasing globalization of the world, the role of the nation state remains important in modern societies. Consequently, the Ordoliberal idea of a political frame is included in cultural business ethics.

On the other hand, our theoretical framework allows us to take a broader perspective, as it goes beyond the rules-moves dichotomy, which we argue is too narrow for capturing the societal *enjeu*. Indeed, political regulations in globalized societies are merely one of many modes of governance, albeit an important one. “Soft law” initiatives and other examples indicate a connection between public and private organizations in which non-state actors play roles in societal governance (Cutler, Haufler, & Porter 1999; Teubner, 2002, 2004), as companies and other organizations co-regulate the rules of play. This debate has been addressed in the literature on political CSR (e.g., Palazzo & Scherer, 2006; Scherer & Palazzo, 2007) and corporate citizenship (e.g., Matten & Crane, 2005), which argues that due to the “growing power [of companies] and through their engagement in processes of self-regulation, they become subjects of new forms of democratic processes of control and legitimacy” (Scherer & Palazzo, 2011: 918).

Moreover, the distinction between the rules of the game and the moves of the players is a methodological one. A closer, empirical look at how the rules of the game are developed shows that they are subject to communication and negotiation between regulating and regulated organizations, as Edelman and Suchman write:

Regulatory environments place law in the posture of seeking to control organizations, *but much regulation grows out of organizations' actions and agendas, and organizational responses to regulation often define the meaning of compliance.* Constitutive environments come into play as legal forms, and categories help to define the very nature of organizations and their environments; *but the rules, principles, and values that comprise legal forms and categories often arise out of organizational practices and norms.* (1997: 507; emphasis added)

This perspective highlights the direct political influence of companies on political regulations, which is often described as “lobbying.”

An organizational-field perspective has the capacity to address and empirically investigate both political dimensions (i.e., political CSR and lobbying) described above.

Responsibility and Systemic Responsibility

While this article takes a social-science approach instead of providing normative criteria, the adopted perspective points to some consequences for normative questions. An organizational-field perspective includes a strong focus on actors, as analyzing relationships between organizations and the underlying institutions within an organizational field are a central interest. As a consequence, this allows us to address questions of the responsibilities of concrete actors based on given normative criteria. This is important as, first, a cultural approach does not assign normative responsibilities to a system (e.g., an economic, political, or civil system) but permits consideration of concrete addressees. While understanding the functioning of societal systems is important, normatively assigning responsibility to a system seems to be a dummy tag. As Edward Thurlow, First Baron Thurlow (1731-1806) put it, there is “no soul to damn: no body to kick” at the system level.

Second, we again highlight that an organizational field consists of various types of organizations (e.g., political organizations, NGOs, research organizations, companies, suppliers) and is not limited to companies. This raises questions of responsibility that include a whole set of different organizations—they are not limited to questions of firms’ responsibilities and CSR.

Third, the classical understanding of responsibility is based on the possibility of causally assigning certain (harmful) actions to one specific actor, who can then be seen as responsible. Again, this could be CSR or the responsibility of organizations other than companies. Cultural business ethics shares this view with stakeholder approaches, where questions of responsibility are relevant for “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (Freeman, 1984: 46).

However, scholars have criticized this understanding of responsibility as too narrow, as it does not allow for systemic responsibility. Iris Marion Young (2006: 116–118), for example, argues that the “liability model” of responsibility cannot always (and is increasingly less likely to) be applied in modern societies, as causal grounds for harm are increasingly unclear. With respect to Freeman’s famous quote, Young could ask whether “who” affects “what” is always well defined. Consequently, Young (2006) suggests an extension of the liability model to include what she calls the “social connection model”:

The social connection model of responsibility says that individuals bear responsibility for structural injustice because they contribute by their actions to the processes that produce unjust outcomes. Our responsibility derives from *belonging together with others* in a *system of interdependent* processes of cooperation and competition through which we seek benefits and aim to realize projects. Even though we cannot trace the outcome [...] [of] our own particular actions in a direct causal chain [...] we bear responsibility because we are part of the process. (2007: 175; emphasis added)

Young (2006: 127–130) also suggests certain criteria for systemic responsibility, including power, privileges, interests, and collective abilities.

In this article, we do not discuss the normative grounds of Young's (2006) criteria and we would assume that they need a better foundation in normative ethics. However, Young's (2006) approach to responsibility, which connects an actor's perspective to the constitution of a broader system, is interesting. Note, it is not the responsibility of a system that is at stake but a systemic responsibility of actors. We assume that a cultural perspective could connect to Young's (2006) normative approach by making it fruitful for empirical research using the concept of organizational fields. Again, an organizational-field perspective allows us to, for example, identify crucial actors (including their power, privileges, interests, and collective abilities; i.e., Young's (2006) criteria) in the respective field, analyze the interactions in network-like constellations, and examine the functioning of institutions, including processes of their (de-)institutionalization. Schrempf (2014) suggests a similar approach. In line with Rowley (1997), she proposes investigating the "density" of social relations within organizational fields in order to engage with Young's (2006) social-connection model and apply it to empirical questions.

Organizations and Societal Integration

Modern societies are functionally differentiated into subsystems or spheres of value, which follow different system logics. We can again draw on some key aspects arising from a cultural perspective, especially those that concern the relationship between societal spheres and companies.

The Firm and the Integration of Society

As discussed above, Luhmann's views on societal systems are stricter than a Weberian perspective as Luhmann assumes closed systems that are coordinated through certain binary codes. However, Luhmann also emphasizes the relevance of organizations, such as companies, which simultaneously act according to different system logics. As such, organizations fulfill an important role in the overall integration of societies by undertaking what Luhmann calls "programming."

From this perspective, we can stress two aspects. On the one hand, companies that ignore or violate logics other than the logic of the economic system contribute to the disintegration of societies. Against this background, one could argue that the dominance of neoliberal ideas that accompanied the strict shareholder-value-maximization strategy has played a part in creating a state of affairs in which "the capitalistic system is under siege" (Porter & Kramer, 2011: 64). On the other hand, this perspective demonstrates the relevance of CSR, which serves as a good example of societal integration

when companies act as poly-lingual actors within societal contexts (without simply buffering societal claims).

New Institutions and the Integration of Society

In contrast to or, perhaps, as an extension of Luhmann's view, Weber argues that we can observe conflicts and tensions between different spheres, such as conflicts between politics and religion, and between the economy and civil society. From this perspective, organizations contribute to social integration, and tensions and conflicts between different spheres of value result in new hybrid institutions (see above). Thus, societal integration takes place not only through organizations but also through new societal institutions, and both might be closely related, as we argued above.

The Bigger Picture

As stated in the introduction, we are particularly interested in taking a broader view in order to understand business ethics, while suggesting some links among different levels of analysis. We first distinguished among five layers that correspond to theories of action, social relations, institutions, organization, and societal spheres. With respect to theoretical questions in business ethics, we then discussed certain bridges between and along the micro, meso (intraorganizational as well as interorganizational), and macro levels. If we go one step further and zoom out to look at the picture as a whole, we can describe several aspects.

Economic Colonialization and Economic Imperatives: All Over the Place?

In close connection with his discourse ethics (which is not a subject of this article), Jürgen Habermas develops a view of societies that consists of three central ideas: 1) a “linguistic turn” in the social sciences that relocates the emphasis from action to communication; 2) a distinction between strategic and communicative rationality (somewhat similar to Weber's distinction between instrumental and value rationality); and 3) a way of thinking about modernization processes that is influenced by his collaboration with Luhmann. Habermas suggests, within the tradition of “critical theory,” the following interpretation of modern societies: today's societies are differentiated into societal spheres, but one system is extremely powerful and infiltrates other systems and the “life world” with its logic—the economic system with its inherent economic logic of cost-benefit calculations and market exchanges. Habermas (1981/1984, 1981/1987) speaks about the “colonialization of the life world,” while others (e.g., Granovetter, 1993) refer to “economic imperialism.”

If we adopt this position while bearing in mind the relationships described in Figure 2, this suggests that the system dynamics of the economic sphere on the macro level are so dominant that it overwrites everything below that sphere. Organizations are mono-lingual and mono-rational, social relations are limited to exchange, and instrumental rationality is becoming the dominant logic in all parts of social life, including partnerships, families, and friendships.

In our view, Habermas's perspective provides one interesting interpretation of modern societies. However, he has been criticized for taking a rather simplistic view that results in an extreme position. Jeffrey Alexander (2006: 15) even claims that "Habermas has lost his sociology," while he criticizes the dichotomy Habermas sets up between systems and the life world:

Modern political life and economic life are never simply instrumental. They are always coded by deep structures of cultural life. To mistake this is to confuse the fact of differentiation [...] with the absence of moral foundations altogether. Neither are the modern worlds of values, norms, and solidarities ever such simple, intimate, and intuitive life worlds as Habermas describes. They are themselves also subjects to organizations on levels that individuals scarcely intuit, and these systems participate through exchange processes with other cultural and strategic areas of social life. (Alexander, 1985: 412)

While we cannot go deeper into this debate between Habermas and Alexander, a cultural perspective is obviously closer to Alexander's view that it is important to understand and describe the social world in more complex ways. We would, thus, agree in a certain sense with Alexander. On the other hand, Habermas might be correct. A cultural perspective does not exclude the idea of the "colonialization of the life world" due to the economic system being viewed as the determining factor but views it as one ideal type that can be used in empirical studies. In other words, cultural business ethics advances questions on the system's dynamics on the empirical level, which operate through comparative analyses (for more details, see below).

Connections and Social Dynamics

As mentioned above, the different levels of analysis discussed in this article are connected from the top down (from macro to micro) and from the bottom up (from micro to macro). An example in the context of business ethics illustrates the basic idea: CSR initiatives and CSR standards can be interpreted as resulting from the resolution of tensions between the sphere of civil society and the economy. One can argue that they have an impact on organizations, while they (partly) contribute to the establishment of new institutional logics and a higher degree of multi-rationality in businesses. Subsequently, they influence interactions between different organizational members or departments, which might provide guidance for responsible leaders. Vice versa, responsible leaders might change interactions in their firm and establish moral institutional

logics in their organization, which may then engage as a poly-lingual actor in organizational fields by stipulating new societal institutions, and so on.

At this point, the reader might be wondering whether this line of argumentation is too optimistic. In our view, it is neither optimistic nor pessimistic but simply a conceptual framework or way of thinking that hopefully opens up “windows on possible worlds” (Giddens, 1989: 289). The forms and ways of these social worlds are empirical questions, regardless of whether we find elements of social dynamics focused on moving towards sustainable development. The only thing that is important from a social-science-oriented cultural perspective is keeping the connections between different social layers in mind, and focusing on their interplay in order to improve business ethics.

In this article, we have discussed several orientations on an abstract, theoretical level, which we hope point to questions for future research in the field of business ethics. What can be taken from our cultural approach to highlighting social dynamics are two sides of the same coin: the relevance of an actor-oriented institutionalism or an institution-oriented actor theory. Regardless of the definition we adopt, actors (individual or organizations) with multi-rational and poly-lingual capabilities are embedded in institutional contexts (within organizations and society) with multiple institutional logics that emerge out of (inter-)actions while simultaneously influencing them.

5. FUTURE RESEARCH

In this article, we have developed a cultural approach using a multilevel model that intends to contribute to an understanding of business ethics by connecting different analytical levels. We have emphasized a general line of argumentation rather than diving deeper into more complex and sophisticated research topics. Consequently, an important task for future research on cultural business ethics is to theoretically and empirically deepen the cultural perspective with respect to concrete research issues in business ethics and beyond.

An invitation for empirical research

Cultural business ethics is not just a theoretical concept—it requires empirical research. It allows us to investigate social practices of any kind by using the theoretical perspectives outlined in this article. With respect to business ethics, our simple model, which is illustrated in Figure 2 and outlined in the previous section, indicates some loci of empirical analyses that can be particularly relevant for investigations in intraorganizational and interorganizational contexts, including their connections to the micro and macro levels. Here, we briefly outline some methodological orientations for the empirical use of a cultural perspective.

When it comes to empirical research, we suggest understanding cultural business ethics as a phenomenon-driven approach that begins with the identification of concrete issues. This issue-orientation can concern different analytical levels and their connections. Pertinent questions in this regard might include the following: “Why does a company establish a code of conduct? How did it emerge? How does it operate?”, “To what extent do American CEOs shape the corporate culture of their Asian companies? How do they do so?”, “Why do we observe corporate pathologies in some companies and industrial sectors but not others?”, “Under what conditions can fruitful cooperation take place between firms and NGOs?”, “How can the problem of child labor be solved? How can we explain its dynamics in the respective organizational field?”, and “How and to what extent do political institutions in certain national contexts influence corporate social responsibility?”

An ideal-typical method, as briefly introduced above, can be applied in empirical research. In this regard, it is important to recall that “pure” ideal types can rarely be found in reality and that real types of action, social relations, institutions, organization, and systems are usually a mixture of ideal types. It might be helpful to terminologically indicate the differences between ideal and real types. An example would be to speak of value rationality or economic rationality as “ideal types,” and value orientation or economic orientation as “real types.”

For concrete empirical research, we suggest using comparative studies to deepen insights into social practices. Comparative investigations involve comparisons of at least two cases or items and/or historical, single-case analyses over a period of time (with consideration of different points in time). Notably, the conceptual framework of cultural business ethics echoes empirical comparisons. This is evident when we, for example, speak of certain degrees of multi-rationality, different degrees of institutionalization, different degrees of poly-linguality, or a more or less economically colonized world.

Our understanding and explanation of cultural processes can build on various standard, empirical approaches in the social sciences in general and, with respect to business ethics, approaches in organizational studies in particular. While ethnographic methods are more relevant when the micro level of actions is central to the research focus, cultural business ethics are not limited to empirical methods in cultural anthropology or to qualitative approaches in general. For example, empirical investigations of organizational fields or analyses of the functioning of societal spheres might rely on institutional or other meso- or macro-related approaches, which can also include quantitative research used in a comparative manner.

Moreover, the cultural perspective presented here is not restricted to business ethics. It might be used as a heuristic for research questions beyond the subject of companies. We assume that several concepts of cultural business ethics can be applied to any type of organization, such as NGOs, hospitals, public administrations, universities, and soccer clubs. From our perspective, it would be worth investigating the extent to which our cultural approach can serve as a more general approach to organizations as well as the theoretical consequences of its application in other fields of research.

Practice Theories

In reasoned debates in the social sciences and in management studies, we observe developments that may be helpful in the further advancement of a cultural perspective in business ethics. We can characterize them using the keywords “objects – bodies – emotions – narratives” discussed in “practice theories” (e.g., Reckwitz, 2000, 2003; Schatzki, 2010).

Without going into too much detail, this stream of research suggests a “practice turn” in the social sciences owing to critiques of the strong and narrow cognitive orientation of traditional research. The umbrella term “practice theory” indicates new orientations that go beyond the cultural perspective presented here but might, in principle, be integrated. For example, these theories argue that a comprehensive approach to actions must include the very fundamental idea of the *body*. Individuals do not merely act cognitively—they also engage their bodily functions. This critique goes back to scholars like John Dewey and others, who criticized the Cartesian separation of body and mind around a century ago. Moreover, modern social sciences are argued to be too narrow due to their subject orientation. *Objects*—concrete (cultural) “things” that heavily influence social life and function as “actants” (Latour)—are mainly neglected in traditional social-science approaches. The aspects of the body and objects break with the perhaps too rational paradigm in the social sciences, as does the debate on *emotions* and *narratives*, which are related to each other. This perspective suggests that individuals can act rationally as well as react (rather than act) emotionally without being able to give reasons for their actions and/or by rationalizing reasons in hindsight. Narratives, which consist of, among other elements, sets of metaphors (e.g., Lakoff, 1996, 2002) and exist in different genres (e.g., Frye, 1957; White, 1973), can influence and are influenced by emotions. The recent public debate on “post-truth” and partisanship serves to illustrate the relevance of these topics.

Social-science research on the influence of the body, objects, emotions, and narratives on social formations might be very important for future debates in management and business ethics. In a sense, it already is, as special issues of the *Academy of Management Review* (April issue (42) 2017) and the *Journal of Business Ethics* (April issue (4) 2017) indicate.

Normative Ethics

In this article, we have presented a social-science approach but have neglected a second stream in business ethics that concerns questions of normative ethics. Can cultural business ethics contribute to the normative debate, or help bridge social-science oriented and normative-oriented research in (business) ethics?

We have elsewhere (Beschorner 2015; Beschorner & Hübscher 2017; Beschorner, Hübscher & Kettner 2021a; 2021b; Beschorner 2022) outlined a normative cultural

approach that pursues such an endeavor by taking as its point of departure everyday life interactions of the normative “giving and taking of reasons” and their institutional setting, which includes the analysis of norms, normality, normalization, and normativity. On the one hand, our approach remains within the social practices of individuals whose senses of self, others, and normativity are mutually interwoven. In line with Korsgaard (2003), Wallace (1994), and others, we are interested in a “view from within,” which implies not devising pre-defined moral principles that should guide actions but making inquiries about normativity within social practices. As Kristin Korsgaard writes, it is about the “logic of practical deliberation, a principle that is constitutive of deliberation, not a theoretical premise that is applied in practical thought” (2003: 115). Indeed, a cultural perspective does not assume that normativity is “given” a priori but results from social interactions. On the other hand, this approach allows us to define three (minimal) normative criteria to improve “contexts of justification.” First, interactions (i.e., discourses) must be rational and coherent. Second, they must be inclusive. Third, they must allow moral learning processes to take place. We characterize these criteria as minimal ethics that intend to foster forms of internal critique and, thus, criticize normativity within social practices.

The normative stream of cultural business ethics, which we have only briefly touched upon here, together with the social-science perspective presented in this article can be seen as two sides of the same coin. Future research can focus on how to consistently bridge these two streams. As many scholars have pointed out (e.g., Donaldson & Preston, 1995; Enderle, 2015; Freeman, 1994), work on building bridges that bring together normative ethics and approaches in the social sciences (including management and economics) is of great importance for theoretical research in (business) ethics. Hopefully, a cultural perspective can contribute to this enterprise in the future.

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