

# Lessons to human resource managers from Rawls' theoretical difficulties of economic rationality: a philosophical perspective

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## Abstract

Economic rationality, which plays an important role in complex justification of the collective choice of the principles of justice in Rawls' theory of justice of fairness, does not avoid some implicit theoretical difficulties. These last led to an alternative conceptualization of reason, inspired by the Kantian conception of practical reason, namely "reasonableness". Since business ethics is an effort to relate business to ethics, an analysis of Rawls' theoretical difficulties along with the efforts to overcome them can help business ethicists and human resource managers alike. In this paper we seek lessons from Rawls' attempt to couch the principles of justice in economic rationality, namely, the importance of questioning business' rationality and the nature of business ethics.

**Keywords:** ethics; fairness; economic rationality; human resource managers; Rawls; reasonableness.

## Resumo

Na teoria rawlsiana da justiça como equidade, a racionalidade económica desempenha um importante papel na justificação da escolha colectiva dos princípios de justiça. Apesar do seu papel relevante, a concepção rawlsiana da racionalidade está associada a algumas dificuldades teóricas, conducentes a uma concepção alternativa racionalidade, inspirada na razão prática kantiana, a razoabilidade. Como a ética empresarial tenta relacionar os negócios com a ética, a análise das dificuldades teóricas da concepção da rawlsiana racionalidade, assim como a solução de Rawls para as ultrapassar, pode ajudar tanto os teóricos da ética empresarial, como os gestores, nomeadamente os gestores de recursos humanos. Neste artigo, tentaremos retirar algumas lições da proposta de princípios e justiça no quadro de uma concepção económica da racionalidade, nomeadamente a importância da reflexão sobre a racionalidade nos negócios e a natureza da ética empresarial.

**Palavras chave:** ética; equidade; racionalidade económica; gestores de recursos humanos; Rawls; razoabilidade.

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## Introduction

Rawls' theory of "justice as fairness" is an attempt to relate ethical principles of justice on an economic view of rationality (Rawls 1971, 1993). In reality, Rawls states in *A Theory of Justice* (1971: 14; emphasis added) that "the concept of rationality must be interpreted as far as possible in a *narrow* sense, standard in economic theory, of taking the most effective means to given ends". Roughly defined as the maximization of expected utility in classical and neo-classical economics (e.g. Smith 1776, Mill 1863, Friedman 1953), the maximization, controversially reduced to the selfish maximization of expected utility (Sen 1987), faces technical (Arrow 1951), and ethical problems (e.g. the free rider problem and the prisoner's dilemma (Campbell and Sowden 1985, Gauthier 1986, Sen 1977, 1987)).

Rawls was aware of these problems and introduced some ethical constraints on economic rationality in order to align it not only with the substantive and formal ethical claims underlying justice (e.g. the public nature and generality of the principles, but also with the rationality of justice, which is also a public rationality (Rawls 1971, 1993)). In fact, his ethical constraints provide a means by which we may explain how individual choice can have a public or general content.

However, Rawls' undertaking included some ethical and theoretical difficulties (Rawls 1993) that led to a revision of the economic conceptualization of rationality via a peculiar interpretation of Kantian practical reason (Rawls 1993). In reality, this new conceptualization of reason, called "reasonableness," and which complements Rawls's former conception of economic rationality, is more compatible with morality than is economic rationality. Nevertheless, since reasonableness distinguishes itself from rationality or personal interest, we wonder if Rawls' notion of reasonableness is inherently compatible with morality, in general, and business ethics, in particular.

Since business activity, understood under the economic conceptualization of rationality, can be incompatible with ethics (Reilly and

Kyj 1990, Sen 1987), an analysis of those difficulties as well as the attempts to overcome them can be fruitful to business ethics.

In the first place, that analysis may help business ethicists and agents to avoid the same illusion that economic rationality can be 'dressed' in ethical principles, such as fairness, integrity, or honesty. In reality, the questioning about economic rationality has already been posed by business ethicists (Bowie 1991, Lütge 2005, Solomon 1993) and by economists (Akerloff and Kranton 2010, Sen 1987). Both address the ethical theory and principle(s) that underlie economic rationality — rational egoism and profit maximization (Sen 1987).

In the second place, since economic agents ought to choose among several alternatives of action, some of them deeply harmful for stakeholders, inquiry into the nature of economic and management rationality that analysis may help the rational deliberation of managers of human resources when managing persons. Moreover, it may help to address the issues stated by Rutgers (1999) regarding the validity of economic rationality within organizations and the practice of management.

Our endeavor is, however, controversial. First, Rawls' conceptions of rationality and reasonableness are described in a theory constructed to a specific object — the basic structure of society — and not directly for the personal ends of people (Rawls 1971). Second, some authors sustain that the economic conception of rationality is only a heuristic idea, a methodological assumption that does not depict reality (Becker 1993, Brennan and Buchanan 1986, Buchanan 1987, 2000, Friedman 1953, Wagner-Tsukamoto 2003). For example, economic rationality is not a model of human reason (Buchanan 1987, 2000, Friedman 1953, Baker 1993, Wagner-Tsukamoto 2003); he is only a methodological fiction, whose primary function is to heuristically instruct theoretical (practical) analysis (Wagner-Tsukamoto 2003). Accordingly, it is controversial to criticize scientific heuristic ideals from realist and empirical or behavioral claims (Wagner-Tsukamoto 2003, 2005, 2008).

This controversy is much more stringent given the constructivist nature of Rawls' theory of justice (Rawls 1993, 1999). In reality, Rawls's economic conception of rationality evolves under a constructivist theory. Given the complexity of these issues, they deserve themselves a separate research clarifying not only the epistemological and meta-ethical nature of Rawls' theory of justice, as well as our perspective on these issues.

Considering the main issue stated above, this paper has two parts. In the first, we analyze the difficulties of Rawls' construction of an ethical theory of justice under an economic rationality. We begin by briefly presenting the role of economic rationality in justice as fairness and explain how it leads to theoretical and ethical difficulties, explaining the emergence of reasonableness and its main problem. In the second part we examine the impact of those difficulties on business ethics.

## **I — The role of economic rationality in justice as fairness**

Rawls' economic conception of rationality leads to theoretical and ethical difficulties and problems, mainly in everyday life.

### **1 The importance of economic rationality in collective and individual rational choice**

Regardless of the unavoidable complexity and difficulty of Rawls' theory of justice, Rawls' justice of fairness remits lastly to the concept of fairness. Among its complex meanings (see Rawls 1971, 2001), fairness is an ideal of a person who is understood as being free and equal, and who is provided with a sense of justice and a concept of good, which are in Rawls' thought moral powers (Rawls 1971: 19, 1993: 19, 30, 2001: 18-19). Fairness is also a contractual ideal of justification of the principles of justice (Rawls 1971). As a principle of justification, the contract claims that the validity of principles is based on

its collective acceptability, framed by the principle of free and equal persons. This implies that in the contractual choice *no one should be in an advantageous position and make illegitimate claims* (Rawls 1971, 1993). Accordingly, the establishment of the principles of justice results from a collective choice of free and equal persons in the *original position*. As only a hypothetical concept, which refers to a collective rational choice or a contract between persons seen as free and equal (Rawls 1971, 1993), that choice eliminates the hazards of natural distribution of qualities and the social contingencies, as social advantages in the search for economic and political benefits.

This rational choice is problematic, however, from the perspective of rationality itself. In fact, economic reason is not sufficient for a fair behavior. Since it merely sets out the need to minimize the risk of losses, whatever the referent of these losses (e.g. self-respect), economic rationality is intrinsically amoral. This amorality challenges the claim of fairness, namely the ideal that *no one should be in an advantageous position and make illegitimate claims*, compromising the fair choice of the principles of justice. Moreover, the collective choice's description under the economic concept of rationality is challenged by the well-known paradox of collective rational choice, namely the prisoner's dilemma (Rawls 1971). This dilemma describes an interdependent rational choice involving two separate agents, which leads to the worst collective results for individuals involved in the collective choice. Since the content of the principles of justice from a collective rational choice — when people are free and equal these principles cannot be imposed by any entity superior to anyone else — as in the prisoner's dilemma, the collective choice of the principles of justice can lead to the worst individual and social alternative. For example, in the original position persons seek “to win for themselves the highest index of primary social goods, since this enables them to promote their conception of the good most effectively whatever it turns out to be” (Rawls 1971: 144). Primary social goods are “things that every rational man is presumed to want [and] are rights and liberties, powers and opportunities, income and wealth” (Rawls 1971: 63). The best alternative (the best conception of justice) is one that offers the *highest index* of primary social goods, i.e. more rights, liberties, powers, opportunities, income, and wealth than the

alternatives. If each person seeks “to win for themselves the highest index of primary social goods” (Rawls 1971: 144), the worst alternative would be the one that offers the lowest index of primary social goods, i.e. fewer rights, liberties, powers, and opportunities, as well as less income and wealth.

To avoid this undesirable consequence, as well as the accordance to the claims of fairness — namely the universality and public nature of the principles (Rawls 1971) — *through the fairness of the circumstances*, Rawls’ theory of justice imposes some constraints on the collective choice of the principles. *The veil of ignorance* is one of the main constraints imposed to the economic conception of rationality. In accordance with this veil, the choice of principles excludes the aspects of social reality, which seem arbitrary from the perspective of persons seen free and equal (e.g. the “place in society, class position or social status (...) [the] fortune in the distribution of natural assets and abilities [the] intelligence and strength, and the like” (Rawls 1971: 137)). If the collective choice is not made under that veil, the claims of fairness (e.g. the equal person) would not be transferred into the rational choice. Therefore, the choice of the principles of justice would not be fair, i.e. would result from *advantageous positions and illegitimate claims*. On the contrary, the constraints of the veil of ignorance on the collective choice under an economic conception of rationality avoids the situation in which that collective choice can be biased by individual interests.

### 1.1 Rationality in everyday life

If the ethical constraints, which are valuable only in the hypothetical collective choice, avoid the consequences of the prisoner’s dilemma, they cannot prevent individual ethical failure in everyday life, i.e. free rider behavior (Rawls 1971). Actually, if persons collectively ignore their personal ends in the choice of the principles of justice, they try to attain them in everyday life. In reality, those ends are important since, not only a person’s good “comprises final ends and not only primary goods” (Rawls 1971: 398), but also “a person’s good is determined by what is for him the *most rational* plan of life given reasonably favorable circumstances” (Rawls 1971: 395). Among the

criteria to define a rational plan of life, which determines personal good, Rawls includes its consistency with the principles of rational choice, namely the principle of maximization of “the expected net balance of satisfaction” (Rawls 1971: 416), and deliberative rationality (Rawls 1971). Regardless of the complexity, differences and the complementarity between these forms of rationality, economic rationality is valuable both to the collective choice of the principles in the original position, and for attaining personal ends in everyday life. Contrary to what happens in the collective choices of the principles of justice, chosen under a veil of ignorance, persons try attain their ends with full knowledge of all circumstances and contingencies.

However, according to this full knowledge of facts, it can be rational that individuals may benefit from the provision of public goods in the pursuit of their own interests even while not contributing anything, themselves. For example, the tax-dodger is a rational individual who profits from public goods, but avoids doing his share (Rawls 1971). For that reason, if in the original position the veil of ignorance imposes ethical constraints on economic rationality, it is necessary to ensure that persons will not choose their aims or the means to attain them outside the limits of the principles of justice. If they did, it would not be possible to avoid the clash between the collective ethical choice in the original position and the individual choices in everyday life, which would undermine the well-ordered society. Consequently, as well as in the original position the knowledge of all circumstances and contingencies can bias the fair collective choice of the principles of justice, the required full knowledge of all circumstances and contingencies to realize personal conception of the goods can increase the gap between the public principles of justice and the individual rational choice in everyday life. For that reason, being aware of the risks of an increase of that gap, in the third part of *A Theory of Justice* (1971), entitled “Ends,” Rawls describes the congruence of the principles of justice with the individual choice of ends, i.e. the congruence between justice and goodness.

Briefly, the congruence between justice and goodness depends on the relationship between the rationality of the good, defined under the ideal of economic rationality, with the sense of justice. Therefore,

“the members of a well-ordered society, when they appraise their plan of life [or conception of the good] by the principle of rational choice, will decide to maintain their sense of justice as regulative of their conduct toward one another” (Rawls 1971: 514). The sense or feeling of justice ensures, consequently, that individual rational choice of ends, as well as the means to attain them in everyday life, is in accordance with the collective choice (of the principles of justice) in the original position.

## **1.2 Some ethical problems with rationality in everyday life**

Accepting that “[a] just social system defines the scope within which individuals must develop their aims (...)” (Rawls 1971: 3), and beyond the technical (Arrow 1951) and empirical difficulties (Schwartz 1988), the constraint of economic rationality by the sense of justice cannot avoid some *ethical* and *theoretical* difficulties, mainly the gap between the collective and individual choices of the principles of justice in everyday life. This does not mean that there is no theoretical problem with economic rationality in the original position (Barry 1995, Choptiany 1972, Gauthier 1986, *et al.*).

Nevertheless, because moral dilemmas occur in everyday life, and not neglecting the relationship between actual rational decision and the principles of justice, we will not dwell on the theoretical problems with economic rationality in the original position.

### **1.2.1 The gap between rationality and ethical principles in everyday life**

First of all, there is a gap between the collective choice of the principles and the individual choice of the conception of the good because these principles may be an obstacle to the maximization of individual particular interests. In this case, in the pursuit of their particular ends, agents face the dilemma of following the ethical principles and discarding those of economic or instrumental rationality, or discarding moral principles and behaving only under the claims of the principles of economic rationality.



Second, even if it would not have a gap, in justice as fairness the possibility of behaving in everyday life under the requirements of justice hardly can be related to any conception of *rationality*. Not only does reason for itself offer no suitable criteria to choose among competing ends, but there is also no procedure or method of choice in everyday life “which the agent himself can always follow in order to make a rational decision” (Rawls 1971: 552). For that reason, the justice of our decisions does not remit to reason, but to a moral sentiment — the sense of justice. For instance, because there is no procedure or method of choice in everyday life to make a rational decision, the sense of justice offers to rational choice the criterion to make a choice in accordance with the principles of justice. “The criteria of rational choice must take this desire into account” (Rawls 1971: 569).

Thus, justice of fairness does not allow for a full explanation of how, *from the point of view of rationality*, a person can choose an end and pursue it through the right means and under the right principle(s). In other words, the principles of justice constraints can hardly be justified under rationality, in general, and in economic conceptualization of rationality, in particular. Justice as fairness reminds us of the classical economic and neo-classical economic belief that any ethical behavior is *per se* irrational (Reilly and Kyj 1990, Sen 1987). In reality, and from rationality, a narrow economic conception of rationality any principle, valuable not only to *one* individual but also to a group of persons, or even to all persons may imply that instead of considering the constraints of rationality as internal, based on their sense of justice, free rational agents consider them to be external. Consequently, instead of *following their feeling of justice*, reasoning under an economic conceptualization of rationality may lead to pursuing their individual ends regardless of public principles of justice.

In this case, and aside from the controversy over the value of the contribution of Rawls' theory of justice to corporations (e.g. Hartman 2001, Moriarty 2005, Phillips 1997), the unavoidable understanding that any ethical behavior can be *per se* irrational allows with difficulty for an ethical conciliation of the conflict between individual and collective interests that affects managers. Indeed, managers face individual/collective ethical conflicts and dilemmas (e.g. the individu-

al protection of unjust dismissal and the responsibility to direct and control the employment and employees, the right to privacy at the workplace, and the search for efficiency). Accepting that the safeguard of collective interests depends on collective, social, or ethical principles, the irrationality of these principles will forcibly lead to “solving” that conflict in the perspective of individual interests — regardless of whether or not these last refer to individuals or corporations (Bryman 1984, Rutgers 1999).

Nevertheless, and with regard to individuals, this solution does not avoid the undesirable consequences of the prisoner’s dilemma. Whatever the level of individual activity — group, firms, community, country, or international system — individual decisions under economic rationality will lead to the rejection of any collective or aggregate action. Moreover, since organizations as institutions are systems of rules that define “offices and positions, with their rights and duties, powers (...) and the like” (Rawls 1971: 55), when leading by economic rationality, managers might be tempted to systematically violate the rights (e.g. the right of privacy at the workplace (Hartman 2001, Lippke 2010, Nussbaum and duRivage 2001), challenge every power, and disrespect their duties. Managers may also consider the rights of employees and customers of national or transnational corporations (Arnold and Bowie 2008, Varley 1998) as irrational from a corporate point of view.

### **1.3 The emergence of reasonableness: the persistence of theoretical difficulties**

Rawls acknowledged in *Political Liberalism* (1993: 53n7) that it was incorrect to relate the theory of justice to rational choice. He proposed a changing conception of rationality, namely reasonableness. Inspired by Kantian practical reason, and contrary to the Kantian concept of practical reason, reasonableness is both practical and theoretical (Rawls 1993). Among the several criteria to distinguish reasonableness from rationality (see Rawls 1993), reasonable persons are able to behave in accordance with universal or general principles, unlike persons who are only rational.

The emergence of reasonableness does not imply, in ethical behavior, refusing rationality. Indeed, reasonableness and rationality are complementary ways of reasoning (Rawls 1993). The first is related to the intrinsic capacity to reason under universal and public principles and rationality in the pursuit of a conception of the good. Accordingly, instead of referring to the sense of justice, the congruence of the principles of justice with the individual and social conception of the good refers solely to reason (Rawls 1993). From the perspective of reasonableness, the congruence between the principles of justice with individual goods is made under a public or universal conception of reason. Reasonableness is then the main condition for the relationship between individual or social conceptions of the good with the principles of justice. It allows that in everyday life people are aware of the existence of public principles of justice, as well as the existence of a public reason (Rawls 1993, 2001). Therefore, individual rationality clearly has a public content.

Reasonableness does not completely avoid the ethical gap between collective and individual choice, because if reasonableness denotes the capacity of thinking under universal principles, rationality refers to the capacity of thinking solely from the individual interests' perspective. This duality precludes simultaneously joining the private or egoistic interests with the ethical and collective principles. For that reason, although reasonableness is more consistent with ethical claims than economic rationality, it seems not to offer a satisfactory perspective for ethical behavior, in general, and in business, in particular. Reasonable people are able to behave in accordance with public and general principles but do not have personal aims. Rational people have personal aims but are not able to behave in accordance with public rules. Accordingly, as the model of reason for business ethics, since reasonableness consists of a selfless conceptualization of reason, it cannot by itself explain how personal rational ends can be intrinsically ethical.

We stress that, on the one hand Rawls himself distinguishes rational agents capable of framing their ends by public rules (Rawls 1993), from psychopaths, who behave only under selfish reasons. In reality, Rawls' theory of justice does not suppose that every personal end re-

fers to a rational selfish (or not) maximization of satisfaction or preferences, from which individuals can claim the highest maximization of satisfaction of their desires, regardless of ethical concerns (Rawls 1971, 1993). On the other hand, the difference between rationality and reasonableness can be seen under the distinction of two tasks of the “same” reason: to have particular ends (rationality) and to relate them to public principles (reasonableness). From this perspective rationality and reasonableness not only are interrelated, but also can design two different functions of human reason. However, and despite the fact that reasonableness has been a very fruitful model for business ethics (Lydenberg 2013), since the different functions or tasks of reason do not forcibly ‘cooperate’, reasonableness seems to not avoid the same difficulties faced by a narrow conception of economic rationality.

## **2 The impact in business ethics**

The difficulties of Rawls’ theory of justice in basing ethical principles of justice on economic rationality offer two main lessons to business ethics, namely lessons about the importance of questioning business ethics rationality, and the nature of ethics and business ethics.

### **2.1 The importance of questioning business ethics’ rationality**

The first lesson arising from an awareness of the difficulties of Rawls’ ethical theory in dealing with economic rationality is a major concern about the nature of reason in business (e.g. Hausman and McPherson 1993, Sen 1977, 1987, Solomon 1993). Additionally, that concern also invites a reevaluation of the conceptualization of rationality in economics, questioning, for example, a pure axiomatic and formal conceptualization of economic rationality described in a normative, neo-classical economy. This is not a negligible issue for us, since if Rawls’ conceptualization of economic rationality is not free of psychological assumptions, in opposition to the neo-classical conceptualization of rationality (Hausman and McPherson 1993, Sen 1987); it embraces both classical and neo-classical conceptualizations of rationality. On the one hand, it is related to classical concepts

of rationality since it depends on psychological assumptions. On the other hand, it is related to a neo-classical concept of rationality, which considers that agents have a set of preferences that allows ordering a set of outcomes (Hausman and McPherson 1993, Sen 1987, Sugden 1991). Rawls states that, “a rational person is thought to have a coherent set of preferences between the options open to him. He ranks these options according to how well they further his purposes; he follows the plan which will satisfy more of his desires rather than less (...)” (Rawls 1971: 143). Accordingly, despite the fact that there is no incompatibility between the normative conceptualization of rationally and the demands of morality — “utility theories place no constraints on the objects of preference” (Hausman and McPherson 1993: 686) — pure and axiomatic formal conceptualizations of rationality do not necessarily coincide with ethical rationality. More accurately, the significant efforts of neo-classical economists to accommodate the concept of rational utility maximization with moral considerations (Etzioni 1986) may be condemned to failure.

In the future, a consideration of business ethics may lead to deeper research into the nature of economic rationality (Hausman and McPherson 1993, Sen 1977, 1987, Solomon 1993). For example, research into alternative approaches to economic rationality has developed considerably in the economic field (e.g. Akerloff and Shiller 2009, Sen 1987, Simon 1983). However, our analysis of the difficulties of Rawls' theory of justice warn us about the risk of relating concerns of fairness within an economic concept of rationality. If the concerns about fairness can “override the effects of rational economic motivation” (Akerloff and Shiller 2009: 21), the maintenance of rational economic motivation — self-interest reduced to selfish interest (Sen 1987) — can lead, on the one hand, to the above-mentioned consequences of Rawls' theory. The same is valuable for other ethical principles, such as altruism (Bowie 1991, and Frank 1988) or virtue character or character traits (Bhuyan 2007, Jackson 1996, and Solomon 1993). On the other hand, as the claim of fairness seems to be inconsistent with the maximization of rationality, it remains unclear what conceptualization of rationality people can subscribe to.

As in economics, there are various attempts within the organizational literature to offer an alternative conceptualization of rationality that differs from the instrumental and means-ends rationality (Bryman 1984, Rugters 1999, Towley 1999, Tsoukas and Cummings 1997). In management theory and practice, instrumental rationality (or means-ends rationality) — which understands organizations as means to achieve goals — is not privileged-based on economic rationality. It is mostly based on sociological and institutional approaches.

However, the organization as a means to achieve goals, and the calculation of means and ends within organizations, has been largely captured by rational choice theory, i.e. economic rationality (Bryman 1984, Rugters 1999, Simon 1983). Indeed, although related to an “orthodox presentation of management” (Townley 1999: 291), economic rationality offers a framework in which to understand the ontological nature of organizations (Tsoukas and Cummings 1997), and to develop organizational studies (Bryman 1984). Therefore, the acknowledgment of the paradoxes of economic rationality within organizations (Petrick and Quin 1997) have implied some attempts to relate organizations with ethical principles, such as integrity (Petrick and Quin 1997, Waters 1988). Regardless of the changing content of rationality and similarly to the efforts of neo-classical economists to accommodate the concept of rational utility maximization with ethical principles, this endeavor may also be condemned to failure. For example, the shareholder or the ownership model of organizations — an extension of economic rationality into corporations (Post et al. 2002) — may imply that managers defeat their main goal, i.e. to maximize shareholders’ interests. Since the maximization of interest is the underlying conceptualization of rationality, managers can transfer this reasoning to themselves. Thus, instead of maximizing the interests of shareholders, ambivalent managers may be concerned with only their own self-interest (e.g. the cases of Enron, Tyco, Parmalat).

## 2.2 The nature of ethics and business ethics

The second lesson of Rawls’ failure in relating an ethical theory of justice to an economic concept of rationality deals with the nature of ethics in general and business ethics in particular. In fact, Rawls’

theory of justice proposes an ethical theory of justice based on the complex concept of fairness. Although from "Justice as Fairness: Political Not Metaphysical" (Rawls 1999) justice as fairness is defined as a political philosophy (Rawls 1993, 2001), it is also described as an ethical theory. It is "a theory of moral sentiments (...) setting out the principles governing our moral powers (...) our sense of justice" (Rawls 1971: 51 — see also Rawls 1971, 1993, 2001). It is also a moral theory because "its content is given by certain ideals, principles and standards" (Rawls 1993: 11fn12). Rawls' ethical theory refers to ethics mostly with principles, ideals, and patterns of behavior. These principles and ideals are undoubtedly important. However, their effectiveness and success depend on a way of reasoning.

As we have seen, not only can fairness be challenged under an economic conceptualization of reason, but the *narrow* economic conceptualization of reason can be self-defeated as well. Even the collective economic rational choice can lead to cooperation rather than competition, the prisoner's dilemma clearly shows the limits of the selfish maximization of well-being (Hardin 1968, Sen 1987). Neither the elimination of personal interest nor its over-evaluation above everything can offer a suitable ideal, pattern, or principle of ethics. Accordingly, if the criticism against the economic conceptualization of rationality does not lead to a selfless ethics, or to the demonization of personal interest, ethics deals with personal as well as interest collective or social principles.

Although we wonder that the economic conceptualization of rationality underlying Rawls' theory of justice can reconcile individual interest and ethical principles, we recognize that Rawls' theory of justice has enhanced not only the awareness of the importance of the ethical and political role of principles of justice in society, markets, and organizations, but also our commitment with an ethical and political tradition in which justice is the main ethical and political virtue. Additionally, when analyzing some theoretical problems of Rawls' conception of rationality, we do not reject the importance of the contribution of Rawls' theory of justice to business ethics. His theory has been used to explore topics such as international business ethics (Hsieh 2004, Jackson 1993), stakeholder theory (Cohen 2010, Phillips

1997), duties/obligations of multinational corporations (Hsieh 2004), integrative social contracts theory (Dempsey 2011), political implications in business ethics (Heath *et al.* 2010, Moriarty 2005), methods in the field of business ethics (Doorn 2010), and principles of justice to the case of micro credit (Hudon and Ashta 2013). We agree with the majority of all these approaches that emphasize relevant contributions of Rawls' theory to some area(s) of business ethics (personal, organizational, and international).

## Conclusion

We showed that Rawls' extraordinary attempt to relate ethical principles of justice on an economic conceptualization of rationality revealed the limits of the endeavor. The ethical constraints imposed on the personal maximization of ends do not avoid the unethical problems of the free rider and the paradox of rationality, illustrated in the prisoner's dilemma.

The complementarity of economic rationality by a peculiar interpretation of Kantian practical reason seems to offer a more suitable agreement between rationality and ethics and stresses that the nature of rationality is at the heart of any ethical theory, in general, and in ethical business theory, in particular. The dual reasoning also does not allow for a satisfactory answer to the issues related to the validity of economic rationality within organizations or to rule the practice of management (Rutgers 1999). Accordingly, some difficulties with the role of economic rationality in Rawls' theory of justice offered two main lessons to business ethics, namely lessons about the importance of questioning business ethics rationality, and the nature of ethics and business ethics.

Therefore, an alternative concept of rationality should: a) reconcile personal ends with ethical public and general principles that ought always to be established by any rational agent when facing particular circumstances; b) integrate the economic maximization claims without facing the unethical and irrational consequences of the free rider and the prisoner's dilemma; c) help to offer a consistent attempt



(Townley 1999, Tsoukas and Cummings 1997) to develop the concept of rationality in management thought and practice (Rutgers 1999).

Similarly, although Rawls' difficulties of economic rationality do not imply any minimization of his theoretical contribution to ethics, in general, and business ethics, in particular, a business ethics theory should not: a) eliminate personal interest or over-evaluate it above everything; b) lead to a selfless ethics or to the demonization of personal interest. Business ethics conception of rationality should reconcile personal interest with collective or social principles.

The nature of rationality which is more suitable to business ethics deserves for itself a separate research.

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