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TITLE: Business for the Common Good: Patagonia as Example

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In December of 2017, the company Patagonia joined a lawsuit to fight the Trump administration’s plan to lift the status of Bears Ears national monument that prevents companies from mining, fracking, etc., there. Their reason was the monument’s value for outdoor recreation and its sacred status for Native Americans.ⁱ While the name “Patagonia” is widely recognized by consumers in America and beyond, the meaning of this political step in relation to their company culture is not as easily discerned.

Patagonia is a company that early in its history, when its sole activity was producing climbing hardware, took the risk of discontinuing its staple product, called a “piton,” because they believed it harmed the cliffs on which it was used. It is a company that, at the instigation of its female employees, developed a widely copied on-site childcare program in the early 1980’s when only a handful of such programs yet existed. It is a company whose founder began devoting himself to leading weeklong “philosophy seminars” with employees, so that every employee would have a grasp of the company’s vision. (One signature mark of the seminars was the challenge to imagine how the company might be in 100 years, when stewardship and sustainability would be even more pivotal to a successful company.) It is a company that has given \$79 million to mainly grassroots environmental movements since they began making donations in 1985. In 1994 the company produced its first internal environmental assessment report, questioning the impact it was really having by making its clothes. Patagonia strives to provide not only a livable wage and healthcare for its employees, but to make work meaningful for them. Representatives of the company regularly visit its suppliers in foreign countries to ensure safe working conditions, livable wages, and opportunities for the communities that provide the supplier with employees to have access to education and adequate health care. Patagonia is a company that leads the way in making transparent to the general public and customers the supply chain and its relationship to the environmental and social cost associated with the production of their goods. The list goes on.ⁱⁱ

So what should we say of a company that provides such attention to all of these stakeholders? I believe the company can be held up as a model of a business that serves the common good. And Perhaps Patagonia further shows that a company that serves the common good cannot be adequately described by naming a set of principles. This is what I intend to argue. Rather than principles, to understand Patagonia ethically we need a story that portrays the company's internal dynamics, and how it has responded to its changing circumstances.

Too many accounts of business ethics favor the distance and abstraction of moral principles. What these could never capture is the internal dynamics of the company as a social body—a “culture”—of its own. Indeed, the moral principles approach to business ethics emphasizes moral reasoning as an act of the individual. Thus, as Ronald Green has shown in his essay, principles—or, what I am calling the “principles approach”—can lead to singling out an individual or a type—i.e. typically, the manager (or “leader”)—to be the source of all morality in business.ⁱⁱⁱ By contrast, an approach that gives priority to a company's story shows a business to be a kind of social organism. (I will say more later about what I mean by “story.”)

In this paper, after defining what I mean by the principles approach, I begin by considering one promising correction to it. Professor Kenneth Goodpaster's work illumines the neglect of the social dimension of companies in such approaches. Next, through a partial criticism of Goodpaster's correction, I point to a still better way for ethicists to capture the internal, social lives of those companies which are exemplary in serving the common good. Finally, I develop my constructive account which is interwoven with my treatment of the company Patagonia. In my conclusion, I claim both that Patagonia is a model when it comes to businesses serving the common good and that our understanding of such businesses is aided by the kind of approach sketched in constructive argument.

II.

What do I mean here by a principles approach to ethics? To start, I am not trying to contribute to the scholarly debate surrounding the use of principles in ethics, such as that directed to the “principlism” espoused by Beauchamp and Childress in the *Principles of Biomedical Ethics*. For my purposes here, the principles approach sees the key part of morality

as residing in rule-like stipulations, understood as transcending all circumstances in themselves, though their application will inevitably take these into account. And that application, furthermore, is carried out by an individual moral agent who holds the principles within him (i.e. in his conscience).

It could be noted that in some of his earlier work, Goodpaster reflects the biases of the principles approach in privileging the solitary individual (moral agent). For instance, in one place, he draws on a psychological account that terminates in the independent individual as locus of moral agency, complementing this individualism with Thomas Nagel's effort to distinguish a moral point of view that is disembedded, and requires "stepping outside" of our personal commitments. The point of these arguments is to establish moral perspective of a manager.^{iv}

In a recent piece, however, Goodpaster articulates a distinct vision of businesses as social organisms.^v He develops the view that businesses are "institutions," using Hugh Heclo's work as he spells out the meaning of this claim. For Heclo and Goodpaster, institutions are bearers of a form of (social) life. They extend over time, developing patterned ways of thinking and behaving that are passed on and by which they can be identified from one generation to the next. Therefore, institutions have internal moralities, such that their members will learn over time internalize the norms and responses fitting an institution's morality or ethos. In light of the foregoing, institutions can be said to develop a "self," an identity, evoking the loyalty of those who inhabit them.

For my purposes, the promise of this account of institutions is the attention it draws to moral formation. Moral formation means the growth of a person over time into the kind of agent able to act well. Are we genetically programmed to be able to do the right thing? Do our natural endowment give us the capacity to grasp moral truths? Not automatically. As a colleague of mine once put it, we're all born equal but we are *not* all equal. Rather we become free to act well as we undergo a good formation or training. to learn the virtues is to turn latent talents into skilled reflexes.^{vi} And formation of this kind always involves other people; it is social. The importance of formation is that it allows us to see ethics as fundamentally about habit and sensibility rather than a quasi-mechanical application of rules or principles.

Thus, by bringing in play the internal dynamics of companies through the introduction of institutions, Goodpaster has breached the walls of the principlist fortress. That is, he has brought the social character of companies (and their ethics) back into view. To go further in overturning the paradigm of principles, we need to attend to how the internal dynamics of a company function in the particular case. To attend closely to how formation and responsibility develop in a company requires different concepts—that is practice and story, rather than principles.

III.

In the *Journal of Business Ethics*, Matthew Sinnicks uses the work of Alasdair MacIntyre in a way that sheds further light on Goodpaster's turn to institutions.^{vii} MacIntyre in fact discusses both institutions and practices, but it is important that institutions are secondary to practices. Indeed, paralleling Goodpaster's claim with regard to institutions (maybe note above his comment about intermediating societies as "sources of wisdom"), MacIntyre claims that practices are sources of moral formation. Practices are forms of intentional human activity, but not every intentional, human activity, even among those that require skill, is properly called a "practice." Throwing a football is not a practice, while the game of football is. Lugging a stone in a construction project is not at practice, but stone masonry is. Practices are intentional activities that involve cooperation, and evolve over time, as newbies are initiated by masters. In a practice, the pursuit of shared goods, together with the forms of human excellence required to sustain the pursuit, are regularly enacted. Because of the cooperation leading to shared goals, practitioners develop shared and peculiar ways of talking together, such as engineers making sketches for each other while working on a design project. While all practices require training of newcomers, some of these may break through and redefine the standards of a given practice, arriving at new historical heights.

While the (albeit interesting) discussion in the literature about whether it makes sense to think of "business as such" as a practice in MacIntyre's sense has been inconclusive, Matthew Sinnicks' has recently offered a helpful reflection centered on MacIntyre's institution-practice distinction. For MacIntyre it is as important to see how practices and institutions are related as to see how they are different. The distinction between institutions and practices can be clearly

seen in the goods at which they primarily aim. Institutions, MacIntyre points out, are primarily concerned with what he calls “external goods.” These are goods such as wealth, prestige and power. Practices, in contrast, are primarily directed toward internal goods (e.g. the satisfaction a master cellist feels after an excellent performance, the “clicking” experienced by players of a team sport when they play well). While they are different, practices and institutions also need each other. Practices such as Chemistry and Classics need the institution of the university if they are to be sustained over time. Yet the distinct ends must be kept in mind: prestige is not what the practice of Chemistry is for.

Where does this leave the moral status of institutions? Are they merely instruments in relation to the more fundamental practices they house? Yes and no. If an institution’s pursuit of external goods crowds out the internal goods on which the practice is centered, its influence is corrupting. Yet Sinnick points out that the management of an institution may itself be a practice. This practice is called “politics.” In other words, politics is the name of the practice of managing the institutional home of a practice so as to support it, without corrupting it.

Sinnick’s treatment offers a way of understanding institutional management—think, company management—as related to practice and as a practice itself. But we must be cautious as we move forward with this insight. For we might be tempted to think that in describing institutional management of this kind as the practice called politics, Sinnicks has opened a way for us to describe a general account of institutions, or companies, as practices. Sinnicks goes on to explain why this would be a mistake. First, he reminds us that in MacIntyre’s view while practices and institutions can be mutually beneficial to one another, practices are primary in the relationship. We cannot begin with an ideal type regarding institutions and imagine that in creating it we will have made something that will support any practice with its corresponding politics. Indeed, this approach would be very likely to harm actual practices. The direction of influence must go the opposite way: from practices to institutions and their management. A practice, and no two practices are just the same¹, will give shape to the kind of institutional structure, and to the practice of politics, in relation to which it can be fittingly nurtured. Politics, understood as the practice of managing an institution, must always be responsive to the unique

¹ Wittgenstein on family resemblances.

practice it houses. The problem with Goodpaster's account is that it leaves the door open to such a generalizable account of institutions.

IV.

We now turn to the project of understanding the ethical culture of Patagonia, aided by the concept of a practice, as well as that of story and what the company calls their "philosophies." To begin with practice, Yvon Chouinard, one of the company's founders and still its owner, characterizes his story as that of a "reluctant businessman." That is, he became a businessman not for its own sake, but in order to support his true passion of outdoor recreation (rock climbing, falconry, kayaking, surfing, fishing). Chouinard Equipment, whose employees were predominantly what he describes as fellow "dirt bag climbers," crafted steel equipment to support the practice of rock climbing. At Chouinard Equipment, it was understood that employees would lay down their tools each day for an hour or two when the waves were at their best for surfing, as well as occasionally disappearing for months at a time to accomplish intricate outdoor adventures.

Rock climbing, to choose one of the several outdoor activities of Chouinard and his first employees, is a practice. I will take time here to defend this claim by citing only one, though perhaps the rarest, of the several marks that distinguish practices from other human activities. Practices have internal goods.

Noone will have trouble understanding that spending six days on a massive wall of rock, dangling thousands of feet above the ground by a thin rope, requires a set of motivations that not just anyone possesses. Why do they do it? It is natural that outsiders do not always understand what drives practitioners—that is, what they 'get' from undertaking adventures both difficult and dangerous.

And for a practitioner to tell an outsider about an internal good is no easy matter. But it is worth trying to put into words the reward a practitioner gets from, say, climbing a major rock wall. A clip from the film *Valley Uprising* narrates the first effort to scale Yosemite's El Capitan (early 1960's) through the memories of the 5 friends—Royal Robbins, Yvon Chouinard, Steve Roper, and Chuck Prat—who accomplished it.^{viii} What kind of people would dream up the idea

of attempting to scale an 8,000 foot, sheer wall of rock? In the words of one of them, “we were the hard-core of really devoted climbers, trying to raise the standards, push themselves....” In other words, only a group of expert practitioners, positioned to help their practice evolve, would do such a thing.

The comment of Patagonia’s Yvonne Chouinard than offers an important clue about the internal goods of climbing. “After, like 5, 6 days on a wall, just living there, your sense of awareness just opens up...You feel like you could go on forever... and that feeling of being at home on a wall is pretty amazing.” We can sense the difficulty of expressing that special reward one gets from climbing in a way the outsider can grasp. But we can understand that the internal goods are the unique satisfaction that accompanies excellence in performance, as well as the heightened attention and awareness it brings. It seems to issue for Chouinard in a grasp of the interconnectedness of nature and how to live in sync with it.

If climbers and surfers were gathered to work at the company—and indeed the products were primarily to be used by themselves and others of like mind—,so these practitioner-employees influenced how the business was run. The story of perhaps Chouinard’s first major crisis as a businessman begins with a product he was manufacturing called a “piton.” A device that looks similar to a tent stake, pitons are hammered into cracks in a rock face to allow climbers to set ropes for themselves and their gear. But once hammered in, pitons were difficult to extract from the cracks in the rock, so that they were often left behind for other climbers to encounter. Furthermore, the violence of the hammering would sometimes chip the rock, defacing the cliffs themselves. European climbers, who viewed mountain climbing as “conquering” the mountain, were satisfied with leaving the hardware behind for other climbers to use in copying their course. Influenced by the American naturalists such as Emerson and Muir, Chouinard and friends viewed climbing as an opportunity to encounter nature in its pristine state, not as subduing it. Thus, the company discovered that its products were contributing to a diminishment of the possibilities of such encounter and so of themselves as practitioners, while they were meant to serve such rewards. The first ethical crisis they encountered as businessmen, then, sprang from the ground of the internal goods of climbing.

Although the piton was, in fact, vital to the company's revenue, Chouinard et al. made the difficult choice to cease production of them. They turned to a less intrusive alternative, the "chock." Chocks can be fitted into cracks without hammering and removed more easily. In time, the chock proved a successful product for the company, and as importantly they respected an implicit maxim of (American) climbers: "Leave nature as you find it." This saying resurfaces in the "philosophies" by which Patagonia guides its business that I will discuss below.

Thus, to understand Patagonia's ethical culture requires reflecting on the sensibility-shaping practices in which their founder and employees participate. Moral knowledge as pictured here stems not from stepping back from one's attachment to the good but from entering into it deeply enough to see more clearly its full implications. This vision comes not from a disengaged point of view, but from that of the participant.

Moving on to story, Patagonia's ethical culture reveals itself through time. It is not, that is, frozen in a set of abstract principles. Their values—or, better, their moral capacity—is displayed in how they move through present crises toward responsive futures. Story, then, becomes vital to showing what matters to the company, or its character.

When the company was still primarily devoted to producing metal gear, Chouinard was climbing in Scotland when a colorful rugby shirt in a shop window caught his attention. On further examination, he discovered that in addition to its being attractive, the shirt's features promised to make it useful for rock climbing. Its cotton weave was durable, and its thick collar would protect a climber's neck and shoulders against chafing from the rope-sling, heavy with gear, typically worn there. Chouinard's insight was to see a new use for an already existing product, whose qualities would make it function better than what was currently in use.

The rugby shirt marked the beginning of Patagonia's foray into the clothing industry, and many other products were to follow, some of them (also) made from cotton. Yet they ran into trouble when they learned that the cotton in their shirts, with respect to its cultivation and processing, was extremely toxic. Soil to be used for cotton production is treated with organophosphates until it is "doornail dead." While cotton represents 2.5% of the world's cultivated land, it accounts for 22.5% of global insecticide use and 10% of the world's pesticide use. Runoff from cotton fields has contributed greatly to ocean dead zones.

If you've followed so far what I have said about Patagonia's values—their formation in a set of related practices—you will intuit why this discovery about the cotton in their shirts caused (precipitated) a crisis regarding to how to move on.^{ix} Patagonia did not have an already explicit rule forbidding them to engage in such behavior—behavior which other clothing companies tolerate without major preoccupation. And indeed, as I will discuss below, the articulated environmental guidelines they now have developed over time, and continue to evolve.

Of primary importance here, however, is that Patagonia's response to the cotton crisis was not in the form of an instantaneous rectification as the model of ethics as obeying rules, or even applying principles, might tempt us to imagine. Rather, it took the form of transitioning, or moving in steps that would transport them from where they were to a better place, without collapsing the business altogether. Here's how Chouinard describes the process.

“Two decisions facilitated our transition to organic cotton. First, we decided to use ‘transitional’ cotton temporarily as well as organic. Transitional cotton is grown using all the organic processes, but the practices haven't been in place long enough to earn official certification. Second, we decided we would sell ‘clothing made with organically grown cotton’ rather than ‘organic clothing.’ The difference seems small, but we didn't want to mislead buyers about the fact that we would still be using synthetic dyes and conventional cotton thread in the production.”

As this implies, the problem was more complicated than it first appears. Only a small number of relatively small growers were at the time producing certified organic cotton, so that it would be challenging to meet the company's needs from them alone. Further, conventional dyes and processing agents also violate organic standards. He continues:

“At that time, we had found that natural dyes not only failed to meet our quality standards but had significant environmental problems of their own. (Thankfully, technology has improved, and we are working with partners to roll out the use of natural dyes on a large-scale.) Cotton thread is a mass-produced product that would require us to order huge minimum quantities of unknown quality. Further, while we learned and experimented with the new materials, we used a low formaldehyde resin in two styles for 1996 to minimize wrinkling and shrinkage.” (100)

As this shows, the challenges involved reconciling two of Patagonia's fundamental commitments—namely, to stewarding the environment while making top quality products. (Steering their course involved experimentation, and a vision of how the conditions of business might become different in a future that they could help bring about.) Today, every garment made of cotton by Patagonia is organic.

To grasp who Patagonia is as a company, their moral character, requires examining how they cope, in real time, with actual problems, and not primarily (looking at) their stated “values” or “principles.” This also implies that the vital medium for describing Patagonia's culture will be story rather than principle. For story can display meaningful change through time.

In addition to practice and timeful transitions (or, “story”), we might finally describe Patagonia's culture by discussing how their written statements about values function as guides to the company as it steers itself into the future. The company has articulated what it calls “philosophies” (for the three dimensions of design, production and distribution)

The point of stated values, or mission, seems to be to steer a company through the Scylla and Charybdis of being locked in to the point of inflexibility, on one hand, and malleability to the point where choices between options seems arbitrary, on the other. Patagonia's “philosophies” can be seen as a response to this dilemma.

Even with respect to an area where a company has a historical commitment, such as the environment for Patagonia, it is impossible in the present to conceive of all that such a commitment will require. After switching fully to organic cotton, Patagonia was forced to confront the massive consumption of water in farming cotton, including organic cotton. In several instances switching to a fabric with functional advantages has brought unanticipated environmental consequences. Ethical response occurs in the flux of changing circumstances, and which of those new circumstances will prove decisive to being true to your values cannot be foreseen in advance. As capacities to see, and care about, the implications of one's business on the environment develop, the task becomes more complex.

This raises the question of whether a statement of values, or a checklist of principles, can ever be useful. Perhaps the better question is how such an articulated expression is to be used. Chouinard describes Patagonia's philosophies—which are presented in the book in the form of several page long essays, full of examples—as “rough maps.” A map that aspires to be too exact will not serve well in an area of “changing contours,” as he puts it.

At one point in its history, Patagonia discovered that its inventory included several distinct products with nearly identical functions. A typical company might react ask what it matters so long as they are selling. And isn't always good to offer more options to customers? As craftsmen and practitioners making goods to be used (primarily) by other practitioners, Patagonia believes that in their products form should follow function. Functional distinctiveness accounts for a product's right to exist. And, what's more, function is determined with respect to Patagonia's core customers, master climbers and kayakers, to name two, who know what is needed in the field. Further, while some may think more choices is always good, Patagonia believes rather that what is good for customers is the right amount of choices, not as many as possible. They believe too many choices is paralyzing, not liberating for the customer. Furthermore, proliferation of choices in terms of, say, color, leads to environmental hazards, as the dying process takes a toll on nature.

“When we're doing our job right, each style of ski pant has a distinct purpose. You make each in a good range of sizes(Including women's) an offer just enough colors. (86)

“Simplicity of product line,” “form follows function,” “designing for our core customer,” and “don't cause unnecessary harm” are aspects of Patagonia's Design Philosophy. As we saw, these distinct dimensions of the philosophy listed here intersect and complement one another in a variety of ways. [Projection of a principle for the art of life, i.e., simplicity, onto the art of doing business.]

Patagonia had developed enough of an awareness of the risks (e.g., inadequate quality, environmental and social harm, etc.) of being true to their values while using distant suppliers to have developed criteria for choosing among them, when they contracted with a new sewing factory overseas in order to save some money. They moved on the factory's good reputation, even though no Patagonia representative had visited the factory before production began. They

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later discovered at the factory was operating afoul of the standards they had laid out for worker safety, sustainability, etc. In this way they discovered that having a set of criteria wasn't enough for doing business as they aspired to do it.

Such experiences led to the following formulation of their design Production Philosophy: "Develop long-term Relationships with Suppliers and Contractors."

"To work effectively on a single endeavor with so many other companies, with no compromise in product quality, requires a level of mutual commitment much deeper than the traditional business relationship.... Consequently, we do as much business as we can with as few suppliers and contractors as possible. The downside is the risk of becoming highly dependent on another's company's performance. But that's exactly the position we want to be in because those companies are also dependent on us. Our potential success is linked. Become like friends, family, mutually selfish business partners; what's good for them is good for us." 114

Finally, the philosophies do not exist solely in print and the minds of their authors. The written materials are in service to weeklong seminars involving all Patagonia employees, which Chouinard himself led for many years, so that in some form they give expression to what all employees think. As I alluded to above, written statements about values didn't come first at Patagonia; these "rough maps" were constructed in the course of the experience of trying to do business with the sensibilities developed in practices like rock climbing.

V. Conclusion

Gaudium et Spes defines the common good as "the sum of those conditions of social life which allow social groups and their individual members relatively thorough and ready access to their own fulfillment...." This definition, perhaps ironically^x, doesn't draw clear boundaries around what a person or a company should do to foster, contribute to, become a part of, the common good. [Indeed, the text goes on to say that the common good "today takes on an increasingly universal complexion and consequently involves rights and duties with respect to the whole human race. Every social group must take account of the needs and legitimate aspirations of other groups, and even of the general welfare of the entire human family." The common good, its implied ethics, comes in the form of a complex web of relationships to which we are called

to attend. If so, Patagonia's pattern of mutual belonging (cooperation, friendship), and vigilance to see, and to respond to, more and more of the connections that link their business practice to the good (and harm) of the earth, (nature, people) permits the claim that they are a model of a business for the common good.

ⁱ McCombs, Brady and Price, Michelle L. "Patagonia joins lawsuit to block Trump's cuts to Utah's Bears Ears." Usatoday.com.

<https://www.usatoday.com/story/news/politics/2017/12/06/patagonia-president-trump-national-monuments-bears-ears/929468001/> (Jan. 11, 2018).

ⁱⁱ One can find a more exhaustive account in the appendix of *The Responsible Co* by Chouinard and Stanley.

ⁱⁱⁱ On a closely related point, Ronald Green and Aine Donovan note that standard business ethics has evolved so as to privilege the point of view of the manager. Green, Ronald and Donovan, Aine. "The Methods of Business Ethics." In *The Oxford Handbook of Business Ethics*, edited by George G. Brenkert and Tom L. Beauchamp, 21-45. Oxford: Oxford University Press, 2009.

^{iv} Goodpaster, Kenneth. "Corporate Responsibility and its Constituents." In *The Oxford Handbook of Business Ethics*, edited by George G. Brenkert and Tom L. Beauchamp, 137-138. Oxford: Oxford University Press, 2009.

^v Goodpaster, Kenneth. "Human Dignity and the Common Good: The Institutional Insight." *Business and Society Review*. Vol. 122, no 1 (2017): 27–50.

^{vi} Kallenberg, 196

^{vii} Sinnicks, Matthew. "Practices, Governance, and Politics: Applying MacIntyre's Ethics to Business." *Business Ethics Quarterly* Vol. 24, no 2 (2014): 229 – 249.

^{viii} "Yosemite Climbing Pioneers in 'The Big Walls'," video, 2:02, December 20, 2017, <https://youtu.be/0tDP1HZONol>

^{ix} It is interesting to note, if true, that they were yet to develop codified rules about environmental stewardship. In the next section, I will come back to the significance of this observation for understanding Patagonia's ethics.)

^x [b/c of how we think of 'definitions?']