

# Dissecting the empirical-normative divide in business ethics

## The contribution of systems theory

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### Abstract

**Purpose** – This paper aims to probe the limits of the empirical-normative divide as a conceptual framework in business ethics.

**Design/methodology/approach** – A systems theory perspective debunks this divide as a false distinction that cannot do justice to the conceptual complexity of the field of corporate social responsibility (CSR) scholarship.

**Findings** – Drawing on the systems-theoretic ideas of Niklas Luhmann and the “Laws of Form” by George Spencer Brown, the paper shows that the divide may be dissected into a four-cell matrix constituted by two other distinctions-descriptive vs prescriptive and categorical vs hypothetical-the latter of which was seminally suggested by Donaldson and Preston (1995).

**Practical implications** – The emerging four-cell matrix is shown to centrally embrace the multiplicity of normative, empirical and instrumental approaches to CSR. This multiplicity is exemplified by the application of these approaches to the phenomenon of CSR communication.

**Social implications** – A more general implication of the proposed argument for the field of business ethics is in tracing the phenomena of moral diversity and moral ambivalence back to the regime of functional differentiation as the distinguishing feature of the modern society. This argument drives home the point that economic operations are as ethical or unethical as political operations, and that both economic and political perspectives on ethical issues are as important or unimportant as are religious, artistic, educational or scientific perspectives.

**Originality/value** – In contrast to the empirical-normative divide, the perspective is shown to centrally embrace the multiplicity of normative, empirical and instrumental approaches to CSR.

**Keywords** Pragmatism, Matrix, Corporate social responsibility, Tetralemma, Separation thesis, Social systems theory

**Paper type** Conceptual paper



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## Introduction

True to the *separation thesis*, business ethics research is divided into a normative and an empirical camp (Freeman, 1994; Rosenthal and Buchholz, 2000; Freeman, 2000; Varenova *et al.*, 2013; Madsen and Bingham, 2014). Whereas the former is prescriptive, the latter is descriptive. Whether true or not, this divide has early been criticized (Freeman, 1994; Wicks, 1996; Swanson, 1999; Sandberg, 2008; Harris and Freeman, 2008), and the debate is still ongoing in spite of many commendable attempts at reconciliation (Victor and Stephens, 1994; Wicks, 1996; Scherer and Palazzo, 2007; Alzola, 2011; Wettstein, 2012; Abela and Shea, 2015). Meanwhile, each of the two worlds continues their own line in respectful distance to each other (de Bakker *et al.*, 2005; Frynas and Yamahaki, 2016), while the lack of integration continues to complicate the development of coherent theories of management, organization and society.

The present paper explores the empirical-normative divide from an unusual perspective. Instead of seeking to resolve or transcend it, the paper seeks to evaluate its conceptual quality which reflects its ability to generate an adequate conceptual map of the multifarious business ethics issues that can be meaningfully discussed in relation to this divide. The inspiration for such a novel problem setting comes from an interdisciplinary and systems theory-based field of studies known as the “science of conceptual systems” (Wallis, 2016; Wallis and Valentinov, 2017; Meehl, 2004). The science of conceptual systems deals with the degree to which the breadth and depth of conceptual systems utilized by observers allow these observers to make sense of the surrounding reality (*ibid.*). In reference to the empirical-normative divide, the question inspired by the science of conceptual systems concerns the ability of the divide as a conceptual framework to navigate the relevant concepts discussed by business ethics scholars. In the present paper, this problem setting is narrowed down to testing the ability of the empirical-normative divide to provide structure to the field of corporate social responsibility (CSR) studies, and especially to make sense of the concepts such as the corporate responsiveness to stakeholder expectations, and the business case for CSR.

The key contention will be that this pair of concepts stretches the limits of the empirical-normative divide as a conceptual framework. As concepts, both the corporate responsiveness to stakeholder expectations and the business case for CSR pose a challenge to the conceptual clarity and cleanness of the empirical-normative divide. The paper will deal with this challenge by drawing on the systems-theoretic legacy of Niklas Luhmann, and especially on his ideas on the calculus of forms originally invented by George Spencer Brown (1979). The systems-theoretic analysis will reveal the empirical-normative divide to be a “false distinction” which can be set right by dissecting the divide into the four-cell matrix constituted by two other distinctions, descriptive vs prescriptive and categorical vs hypothetical, the latter of which was seminally suggested by Donaldson and Preston (1995, p. 72). If the empirical-normative divide is so dissected, then the emerging matrix subsumes both concepts that have apparently been at odds with the divide, the corporate responsiveness to stakeholder expectations and the business case for CSR. The rest of the paper will be organized as follows. The next section will show the problematic nature of these concepts for the conceptual structure of the divide. The following sections introduce the systems-theoretic approach and the form calculus and bring these concepts to bear on the reorganization of the divide into a four-cell matrix that turns out to be provide a better conceptual map of the field of CSR scholarship. By way of an illustration, this map is brought to bear on the phenomenon of CSR communication.

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## The empirical-normative divide in the corporate social responsibility scholarship

Contribution of systems theory

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In the extensive field of the CSR scholarship, the empirical-normative divide took the form of the distinction between two camps, CSR1 and CSR2, the former of which is focused on the normative understanding of CSR and the latter refers to corporate social responsiveness, i.e. corporate capacity to respond to societal pressures (Clarkson, 1995). It can be conjectured that one reason for the perceived evolutionary shift from CSR1 to CSR2 is related to the mutually contradictory nature of the alternative normative approaches to CSR (Tajalli and Segal, 2018; Procópio, 2018; Saadaoui and Soobaroyen, 2018; Jauernig and Valentinov, 2019). In terms of moral philosophy, many of these contradictions did not show any promise of resolution; yet, in practical terms, it was clear that corporations are faced with multiple and mutually conflicting expectations and need strategies of responding to them. The shift from CSR1 to CSR2 was a reflection of the perceived need for these strategies. Thus, whereas early CSR definitions assumed that “the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that *society* has of organizations” (Carroll, 1979, p. 500; emphasis added), later definitions shifted the focus toward specific stakeholder expectations which had a high chance to be mutually conflicting (de Bakker *et al.*, 2005). A related trend was a shift in the level of analysis: while the normative approaches to CSR were geared to the meso- and macro-levels, empirical approaches tend to be focused on the microdimensions of CSR (Lindgreen and Swaen, 2010; Aguinis and Glavas, 2012; Farooq *et al.*, 2017).

The projection of the debates among the normative approaches to CSR onto the plane of the corporate responsiveness to conflicting stakeholder expectations raised new problems related to the identification of the relevant stakeholders. Some stakeholders apparently deserved attention because they were vulnerable (Gereffi *et al.*, 2005; Jamali and Sidani, 2011; Khan and Lund-Thomsen, 2011; Renouard and Ezvan, 2018; Civera *et al.*, 2018). Other stakeholders were seen to exhibit salience which means, among other things, the power to influence the corporation. Even a cursory review of the CSR literature is sufficient to establish that the most salient stakeholder categories are political and economic (Banerjee, 2008; Myllykangas *et al.*, 2010; Ali, 2017; Khurram and Petit, 2017; Roth *et al.*, 2018a; Valentinov *et al.*, 2019). It seems difficult to deny the linkage between the salience of political stakeholders and the emergence of “political CSR” (Scherer and Palazzo, 2007, 2011; Banerjee, 2008, 2017; Fooks *et al.*, 2013; den Hond *et al.*, 2014) which often means the efforts of large corporations to influence their regulatory environments through lobbying and similar political channels.

Likewise, the key effect of the salience of the economic stakeholders is the widespread assessment of CSR in terms of its contribution to business success (Baden and Harwood, 2013), witness not least the popularity of the slogan “doing well by doing good” (Vogel, 2005; Eichholtz *et al.*, 2010; Lii and Lee, 2012). The quest for the business case for CSR (Kurucz *et al.*, 2008; Carroll and Shabana, 2010) has spawned a veritable research industry on how financially beneficial CSR can be (Lee, 2008, p. 62), thereby inadvertently contributing to the extension of neoliberal business logics to the environmental and social boundary conditions of life (Shamir, 2005, 2008; Hanlon, 2008). The business case for CSR, however, makes traditional normative evaluations of business practice neither adequate nor opportune, as corporations are interested in implementing only those CSR activities that correspond to their business models (Shamir, 2008; Gond *et al.*, 2009; Bondy *et al.*, 2012; Burchell and Cook, 2008). Whereas such activities may be profitable, they might not necessarily generate the most beneficial outcomes for society and thus continue to generate normative controversies (Parkes *et al.*, 2011; Prasad and Holzinger, 2013).

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Thus, in overall terms, it seems fair to say that the shift from CSR1 to CSR2, while being possibly caused by the lack of consistency among the normative approaches to CSR, has hardly resolved the tensions between them. Rather, the tensions have been shifted onto the plane of the contested stakeholder salience, and even generated new controversies related to the normative limitations of the business case of CSR. All these problems testify to the fact that the empirical-normative divide still stands in the way of the conceptual integration of the field of CSR studies. If the divide as such is problematic, then it cannot be overcome even by the ingenious approaches such as Hahn *et al.*'s (2014, 2015, 2017) paradox perspective, which does not attempt to align ethics and finance, but suggests that businesses navigate perceived tensions between economic, environmental and social concerns. Unavoidably, the paradox perspective remains within the divide which is necessary to keep the paradox alive. While commendably calling for empirical research on how business actors deal with CSR paradoxes and tensions (Vilanova *et al.*, 2009; Schad *et al.*, 2016), this perspective itself rests on the unacknowledged normative assumption that business actors *ought* to meet multiple goals along triple bottom line, and the more goals are met, the better.

### **The systems theory approach**

Niklas Luhmann's sociological systems theory is a landmark contribution to the sociological thought of the twentieth century, a "grand theory" (King and Schutz, 1994) comparable in terms of its scope and ambition to Talcott Parsons' (1937, 1951) grand theoretical project of structural functionalism (Robertson and Turner, 1989; Alexander, 1984). While Luhmann's work has attracted extensive commentary from both sociologists and systems theorists, it is likewise of considerable interest to the science of conceptual systems (Wallis and Valentinov, 2017). A key source of inspiration for Luhmann was George Spencer Brown's (1979) form calculus based on the dictum that "distinction is perfect continence" (Spencer Brown, 1979, p.1). The dictum means that a true distinction must be both jointly exhaustive and mutually exclusive, and consequently split the entire space of reference in a way that everything located in this space belongs to one and only one of the two sides of dichotomy (Roth, 2019). This makes the form calculus and Luhmann's systems-theoretic approach more generally, well-equipped for detecting and overcoming the false distinctions such as *man vs. nature* or *shareholder- vs. stakeholder-orientation*. These distinctions are false because their poles are not mutually exhaustive as it is possible to talk about human nature, and to consider shareholders to be a stakeholder category (Donaldson and Preston, 1995, p. 69).

Drawing on Spencer Brown's form calculus, Luhmann defined the very concept of the system as a distinction between the system and its environment. This seemingly paradoxical definition was inspired by Maturana and Francisco (1980) and is particularly adequate to autopoietic systems, i.e. systems capable of producing and maintaining their own boundaries. Thus, in terms of the form calculus, all autopoietic systems can be said to consist of the operations that draw (i.e. produce and maintain) the distinction between this system and its environment. Autopoietic systems, however, do more than merely produce the difference between themselves and their environment; they also apply this difference to themselves and thus create internal subsystems that then constitute environments for each other. Spencer Brown (1979) called the self-application of the difference the "re-entry of a form into the form". The self-application of the difference, or re-entry, is manifest not only in the phenomenon of cell division, but also in the phenomenon of observation as a general property of all autopoietic systems, including living ones. "Everything said is said by an observer" (Maturana, 1975, p. 315), and every observer as much as:

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Every observation must distinguish, otherwise it does not succeed as an operation that singles out something and leaves others for the moment unobserved. This is valid not only for cognition but also for action, for singling out objects as for singling out ends. It is valid for operations of observation in psychic systems (perception and thinking) as well as for operations of observation in social systems (communication) (Luhmann, 1993, p. 998).

From the science of conceptual systems perspective, the concept of re-entry is highly useful for navigating paradoxes and dilemmas. If a dilemma is marked by the either-or structure, the concept of re-entry may be used to undermine this structure by producing a cross-tabulation of four options through the self-application of the underlying distinction. The conceptual significance of the transformation of the either-or structure into a fourfold structure is twofold. In the case of dilemmas that are based on true distinctions, the cross-tabulation helps to identify innovative and counter-intuitive solutions, suggested for example by the literature on tetralemmas (Jayatilleke, 1967; von Kibéd, 2006). In the case of dilemmas emerging out of false distinctions, the cross-tabulation helps to detect the respective falseness and to lay bare the real distinctions that are at stake. This is what the next section purports to undertake with regard to the empirical-normative divide.

### Dissecting the divide

The suspicion that the normative-empirical divide is based on a “false philosophical dualism” (Putnam, 2002) is probably as old as the divide itself (Freeman, 1994; Wicks, 1996). For example, Putnam (2002, p. 3) holds that values and facts are essentially entangled, and there has been no shortage of the attempts at concealing, challenging, or overcoming the divide, such as the suggestion to explore “the context-rich middle ground where deeper conversations take place” (Purnell and Freeman, 2012, p. 112) or to navigate the tension between the divide poles (Hahn *et al.*, 2014, 2015, 2017; Schad *et al.*, 2016). The downside of these approaches, however, is that they remain bound by the dichotomy they try to challenge. Other approaches have rather attempted to turn the dichotomy into a triad by including the “instrumental” dimension. In the CSR context, this has been prominently done by Donaldson and Preston (1995) who distinguish “descriptive/empirical, instrumental, and normative” (66) approaches to stakeholder theory. According to the authors,

Although both normative and instrumental analyses may be “prescriptive” (i.e. they may express or imply more or less appropriate choices on the part of decision makers), they rest on entirely different bases. An instrumental approach is essentially hypothetical; it says, in effect, “If you want to achieve (avoid) results X, Y, or Z, then adopt (don’t adopt) principles and practices A, B, or C.” The normative approach, in contrast, is not hypothetical but categorical; it says, in effect, “Do (Don’t do) this because it is the right (wrong) thing to do.” (72)

Donaldson and Preston’s (1995) interpretation seems to contain several indications that the instrumental approach stretches the limits of the original dichotomy between the empirical and the normative. First, Donaldson and Preston (1995) collapse two distinctions “descriptive/prescriptive” and “empirical/normative” into one category “descriptive/empirical”, thus treating “descriptive” and “empirical” as synonyms. Second, they state that both normative and instrumental approaches may be prescriptive, thereby indirectly suggesting the possibility that both of them can be empirical as well. Third, the distinction of hypothetical and categorical is introduced to distinguish instrumental and normative approaches. In sum, it turns out that the “descriptive/empirical, instrumental, and normative” triad is achieved by an implicit, incomplete and partly collapsed cross-tabulation of the distinctions descriptive/prescriptive and categorical/hypothetical.

Even if the distinction of categorical/hypothetical is not taken to be binary, its combination with the descriptive/prescriptive distinction sheds useful light on how the observation of the normative-empirical divide comes about. The key insight is that the empirical-normative divide indeed appears to be a false distinction insofar as its both poles do not indicate two sides of the same coin; rather, it merely presents a contingent and selective view of the interaction of two out of a larger set of approaches (Table I).

Consequently, if the suggested cross-tabulation of the distinctions descriptive/prescriptive and categorical/hypothetical is brought to a logical completion, the divide undergoes a dissection, together with Donaldson and Preston's (1995) double label "descriptive/empirical". Moreover, as Table I shows, a combination of the "categorical" and "descriptive" poles generates a new quadrant which is identified as "the systems approaches". The nature of this quadrant is the object of the following section.

### From the empirical-normative divide to functional differentiation

The definition of the systems approaches through the intersection of the "descriptive" and "categorical" poles is justified by Luhmann's categorical assumption that "that there are systems" (Luhmann, 1995, p. 12). In contrast to Talcott Parsons (1937), Luhmann insists on the empirical, rather than merely analytical, status of systems boundaries. Luhmann's above mentioned statement reads as follows:

The following considerations assume that there are systems. Thus they do not begin with epistemological doubt. They also do not advocate a 'purely analytical relevance' for systems theory. The most narrow interpretation of systems theory as a mere method of analyzing reality is deliberately avoided. Of course, one must never confuse statements with their objects; one must realize that statements are only statements and that scientific statements are only scientific statements. But, at least in systems theory, they refer to the real world. Thus the concept of system refers to something that is in reality a system and thereby incurs the responsibility of testing its statements against reality (Luhmann, 1995, p. 12).

The chief examples of systems that are "categorically" assumed by Luhmann to exist are function systems, such as the economy, law, politics, and science. To Luhmann, the decomposition of society into such systems, i.e. functional differentiation, is the key feature of modernity. Whereas the concept of functional differentiation has been extensively dealt with by sociologists, of primary interest here is the fact that function systems are often associated with distinct normative standpoints. These standpoints are as multiple as function systems themselves. Furthermore, given that no function system is more important than any other, the modern functionally differentiated society does not include an ethical Archimedean point for the legitimation of indisputable moral authorities or the ultimate justification of moral values (Procópio, 2018). Consequently, the condition of functional differentiation goes hand in hand with the condition of moral pluralism (Tajalli and Segal, 2018).

To see the significance of this point, consider the fact that in the pre-modern societies, the indisputable moral authorities or the fixed hierarchies of moral values not only existed but even constituted the essential mechanism of social integration

**Table I.**

Dissecting the empirical-normative divide through cross-tabulation

	Descriptive	Prescriptive
Categorical	Systems approaches	Normative approaches
Hypothetical	Empirical approaches	Instrumental approaches

(Waldkirch, 2001; Lütge, 2005). The hierarchical orders of these societies, including hierarchies of value and esteem, could be deduced from the origins and/or culminations such as ancestors or God(s). Within these iron cages of God-given unquestionable morality, behavioral and communicative margins were highly limited and consisted mainly of compliance with or deviance from the positive side of the moral code. In the words of an informed observer:

(O)ne can either love (which is good) or hate (which is bad). In the court advice literature, one is either a perfect courtier (which is good) or a corrupt courtier (which is bad). In texts on amour-propre, one either loves God (which is very good) or loves oneself (which is very bad). [...] (B) ecause their moral linkage is so tight, such formulations leave only one real option: to stop being corrupt and to begin ascending the scale towards perfection. Control your passions, be a perfect courtier, and love God. (Ward, 2005, p. 283).

The rise of functional differentiation changed this situation dramatically. Whatever is observed in light of functional differentiation “remains the same but appears as different depending upon the functional subsystem (politics, economy, science, mass media, education, religion, art, and so on) that describes it” (Luhmann, 1995, p. 48). Thus, in functionally differentiated societies, the same phenomena can be given completely different normative assessments, depending on whether the question of what is good is answered from a political, economic, religious, scientific or another point of view. In view of the multiplicity and equal legitimacy of the possible normative assessments;

[...] mere identification with the morally correct side of a dualism is increasingly viewed as suspicious or naïve. [...] (T)here is a general shift from idealization (one must be a perfect courtier; one must love God) to paradox (a good courtier must be bad now and then; even one’s love for God is based on amour-propre)

Ward (2005, p. 284) and the choice of paradoxes increasingly depends on personal or organizational preferences for particular function systems. Thus, far from abolishing the need for moral evaluation, functional differentiation multiplies the horizons within which this evaluation may be practiced (see Table II).

In Table II, this multiplication is represented by a cross-tabulation of the ten currently known function systems (Roth and Schutz, 2015) and the code of the moral, i.e. good versus bad. It is the purpose of this table to show that one and the same issue can be good from the perspective of one or more function systems and bad from the perspective of others. The presence of a moral claim is indicated by a “1” in the “good” or “bad” cells of each function system column, whereas a “0” indicates the absence of the corresponding moral claim; a 1/0 constellation in a column therefore represent unambiguous “good (not bad)” or “bad (not good)” judgment. However, there might also be cases where an issue is considered to be both good and bad (as indicated by the co-presence of two “1” in the “Science” column). Conversely, from yet another perspective one might conclude that an issue is not a question of morality at all (as indicated by the co-presence of two “0” in the “Art” and “Legal” system columns).

	Politics	Economy	Science	Religion	Art	Legal	Sport	Health	Education	Media
Good	1	1	1	0	0	0	0	0	0	0
Bad	0	0	1	1	0	0	1	1	1	1

Source: Own figure

**Table II.**  
Cross-tabulation of the code of the moral (good/bad) and the ten function systems

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The multifunctional perspective outlined in [Table II](#) may well be exemplified by the case of business-like public health care ([Reay and Hinings, 2009](#)). The proliferation of this type of health care can be observed from multiple and equally legitimate points of view associated with the function systems, each of which potentially generates a distinct moral evaluation of this trend. Business-like public health care may be politically endorsed (i.e. good) and economically efficient (i.e. good) while being inconsistent with medical professionalism and unchristian. It may at the same time present a setback for risk sport participants and probably even a scandal in the mass media system, while making no difference from an artistic or legal point of view. This diverse constellation of moral judgments shows the rise of business-like public health care to be simultaneously good, bad, and morally irrelevant. This example makes clear that functional differentiation precludes the automatic identification of economic, political, legal or scientific operations as inherently good or bad.

### **Systems theory in context: revisiting corporate social responsibility communication**

Challenging as it is, the condition of moral pluralism is not the only relevant moral consequence of the regime of functional differentiation. Another salient consequence is the potential multiplicity of the roles of moral communication, as well as the potentially distanced attitude to this communication, promoted not least by Luhmann's own skeptical view of morality. Consider, for example, the phenomenon of CSR communication. There exist widespread perceptions that corporate efforts to report on their CSR activities tend to exceed the efforts directed at the implementation of these activities. As a result, "many people doubt the extent to which companies live up to their professed standards, and consumer skepticism toward corporate social involvement is on the rise" ([Skarmeas and Leonidou, 2013](#), p. 1381). At the same time, at least some scholars are aware that:

[. . .] contradictory societal and institutional pressures, in essence, require organizations to engage in hypocrisy and to develop façades, thereby severely limiting the prospects that sustainability reports will ever evolve into substantive disclosures ([Cho et al., 2015](#), p. 78).

A further nuance is that "at times, [. . .] the CSR image perceived by audiences is not an accurate portrayal of the organization's CSR identity" ([Tata and Prasad, 2015](#), p. 765). In this case, corporations will rationally adopt impression management techniques to restore a more adequate CSR image ([Tata and Prasad, 2015](#)).

Hypocrisy charges, consumer skepticism, and public perception of CSR as impression management have all contributed to the legitimacy problems of CSR as a societal problem-solving instrument. Yet, the empirical-normative divide, while having a firm grip on the popular ways of thinking, does not seem able to offer useful guidance in making sense of these problems. From a Luhmannian point of view, this divide highlights the difficulties for the popular ways of thinking to accept difference and polycontextuality. The suggested fourfold dissection of the divide purports to counteract precisely this problem. The dissection seeks to realize the systems-theoretic ideal of unity of difference; more specifically, of the unity of the difference of the normative, instrumental, and empirical approaches. While the approaches are indeed different, they are all needed in the regime of the modern functionally differentiated society.

To see this point, consider the way in which the three approaches illuminate the distinct conceptual dimensions of the problem setting of corporate hypocrisy, generically understood as the situation when corporations do not walk the talk. CSR communication may be taken to exemplify the normative approaches which are implicated in stakeholder expectations. Given that stakeholders may participate in diverse types of social systems,

including function systems (Valentinov *et al.*, 2019), their expectations will likely tend to be discrepant and even mutually conflicting. The empirical approaches translate, in turn, into the concept of CSR action which is likely to fall behind CSR talk. From a systems-theoretic angle, the gap between CSR talk and action can be explained in terms of the endemic inability of all types of social systems, including formal organizations, to be responsive to the full range of the complexity of their outer environment. In order to account for this gap, Jauernig and Valentinov (2019) introduce novel concepts, such as the treadmill of CSR expectations as well as the “credible hostage” nature of CSR action in relation to CSR talk. These concepts are additionally reinforced by the insight that CSR expectations refer to a state of the societal environment to which corporations can be only limitedly responsive. The fact that corporations themselves are engaged in CSR talk attests to the ongoing corporate efforts at the systemic codification of CSR expectations as a segment of the environmental complexity.

As argued above, corporate efforts to do justice to CSR expectations on the part of stakeholders may result in the development of organizational multifunctionality (Roth *et al.*, 2018b), i.e. the emergence of tools and strategies enabling corporations to navigate the non-economic function systems on which they turn out to depend particularly severely. By no means, however, does multifunctionality prevent corporations from participating in the economic function system which may even be said to constitute their baseline function system affiliation. The instrumental approaches distinguished within the proposed fourfold dissection of the empirical-normative divide capture the importance of this affiliation. The instrumental approaches reinforce the need for the economic sustainability of corporations along the lines of the “ought-implies-can” principle. However, as the proposed systems-theoretic dissection shows, the need for economic sustainability does not exempt corporations from the need to take efforts at developing multifunctional profiles as required by the ongoing dynamics of CSR expectations. Thus, in accord with Jauernig and Valentinov’s metaphor of the treadmill of CSR expectations, the proposed systems-theoretic dissection of the empirical-normative divide envisions corporations as formal organizations struggling to navigate the polycontextural functionally differentiated environment. Whereas the normative approaches indicate the CSR-related pressures of this environment, the empirical approaches capture the success of corporations in responding to these pressures, and the instrumental approaches drive home the point that the development of the organizational multifunctionality profiles does not need to occur at the cost of the economic sustainability. Table III summarizes the argument.

Components of the dissected divide	Meaning within the context of CSR communication
Systems approaches	Polycontexturality of the societal environment of corporations and the corresponding normative expectations
Normative approaches	Diversity and mutual discordance of CSR expectations shaped in the polycontextural environment; CSR talk by corporations
Empirical approaches	CSR action (limited by the ability of corporations as social systems to codify environmental complexity)
Instrumental approaches	Business case for CSR (reflecting the baseline association of corporations with the economic function system)

Source: Own figure

**Table III.**  
CSR communication and the dissection of the empirical-normative divide

**Concluding remarks**

The key contribution of systems theory to making sense of the empirical-normative divide is to debunk it as a false distinction that cannot do justice to the conceptual complexity of the field of business ethics, and CSR scholarship in particular. If this divide is conceptually problematic, then its logical underpinnings must be rendered more precise. A systems-theoretic strategy to improve the conceptual precision is to show the divide to originate from a cross-tabulation of two underlying distinctions, descriptive/prescriptive and categorical/hypothetical. The matrix emerging from a combination of these distinctions accommodates conceptual complexity that can be used to burst the narrow bounds of the empirical-normative divide as a conceptual framework. The key dimension of this complexity is the multiplicity and discrepancy of legitimate normative approaches and points of view. The Luhmannian systems theory invites us not only to accept this multiplicity as an inherent feature of the modern functionally differentiated society, but also to discern how the systematic interrelation of the normative, empirical, and instrumental multiplicities is necessitated by the regime of functional differentiation. The interrelation of these multiplicities posed an insurmountable challenge to the empirical-normative divide but becomes fairly straightforward once the divide is dissected and converted into the four-cell matrix. An illustrative application of the conceptual scheme of the normative, empirical, and instrumental approaches to the problem of CSR communication has helped to make sense of the unity of the difference of the apparently disparate and even mutually contradictory problem components, such as CSR talk, CSR action and the business case for CSR.

A more general implication of the proposed argument for the field of business ethics is in tracing the phenomena of moral diversity and moral ambivalence back to the regime of functional differentiation. For one, the idea of functional differentiation provides a powerful platform for detecting the possibility of many observations of CSR issues being strongly economically or politically focused (Wenzel and Will, 2019, p. 15), with the tendentious definition of business as bad and civil society as good. The suggested four-cell matrix, and especially the categoric-descriptive cell of the systems approaches, drive home the point that economic operations are as ethical or unethical as political operations, and that both economic and political perspectives on ethical issues are as important or unimportant as are religious, artistic, educational or scientific perspectives. Accordingly, the regime of functional differentiation translates the question "What is Good?" into a different question "Good for Whom?" Furthermore, the explicit identification of instrumental and systems approaches in the four-cell matrix invites business ethicists to maintain greater distance between scientific observation and moral suasion. The multiplicity of these approaches makes it difficult to identify specific behaviors, actions or communications as unambiguously ethical. Scholars acknowledging these difficulties have a chance to forestall their quasi-automatic complicity in the ultimately contingent definitions of what is taken to be ethical. What they can do instead is to explore how these definitions depend on different function system foci (Roth *et al.*, 2018a) and thereby involve clashes between multiple and often incommensurable moral concerns (Hahn *et al.*, 2017). Arguably, such explorations provide a better insight into the moral complexity of the modern society than the contingent partisanship for particular issues, interests or expectations.

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